The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Northern War Precipitates Coal Crisis Here---American Intervention?

ARTICLES IN THIS ISSUE

Americans Who Are Involved in the Dope Traffic

Japan Brings Huge Army to China—Chinese Nation Supports General Chiang's Stand

Gen. Chiang Kai-shek Returns to Nanking; Leaders Discuss Nation's Problems at Kuling

General Chiang Kai-shek Insists That China's Territorial Integrity Shall Not Be Infringed

Where Will Shanghai Get Its Coal When Japan Starts War in the North?

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South China Lauds General Sung Cheh-yuan

(By the Review's South China Correspondent)

America's Conflicting Policies in the Far East — By C. Y. W. Meng

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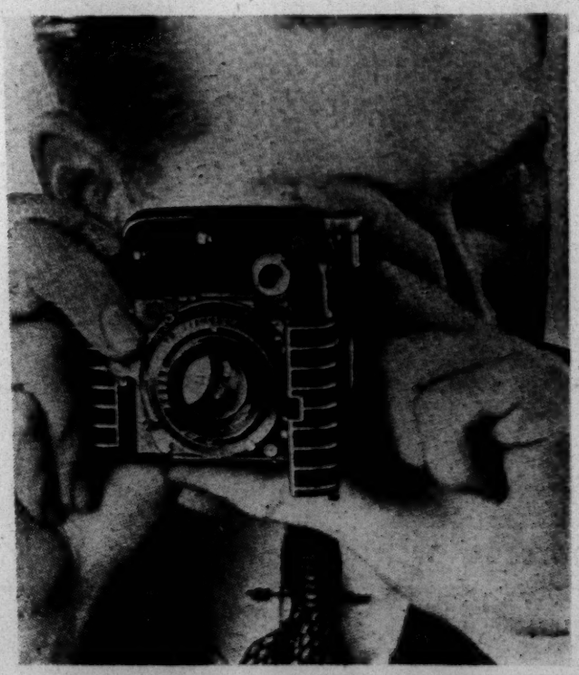

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Contents

Editorial Paragraphs

Americans Who Are Involved in the Dope Traffic 263
Where Will Shanghai Get Its Coal When Japan Starts War in the North? 266
The Attempt to Induce America to Intervene in the Sino-Japanese Crisis 267

Special Articles

Japan Brings Huge Army to China—Chinese Nation Supports Gen. Chiang's Stand 273
General Chiang Kai-shek Insists That China's Territorial Integrity Shall Not Be Infringed..... 283
America's Conflicting Policies in the Far East... .....By C. Y. W. Meng 284
South China Lauds Gen. Sung Cheh-yuan..... 286
Who's Who in China 297
Men and Events 298
New Books of Interest in the Far East..... 300
Shortage of Foodstuffs in the Province of Kwangtung .....By H. Pao-chao Cheng 301

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS." COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

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AMERICANS WHO ARE INVOLVED IN THE DOPE TRAFFIC

TWO American citizens are now under arrest for alleged participation in the narcotic traffic. One named Alexandro Gonzalez was arrested in Shanghai on a charge of attempting to carry a suitcase of opium abroad the American steamer *Steel Mariner*, operated by the Isthmian Steamship Company, subsidiary of the United States Steel Corporation. Gonzalez was a fireman employed on the steamer. He claimed the suitcase had been given him by a Chinese who offered him the sum of $500 for delivering it to another Chinese in Manila. Gonzalez claimed that he didn't know the suitcase contained opium. However, when he was accosted by the watchman at the head of the gangplank, he became frightened, ran to the rail and threw the suitcase overboard. In falling it struck the edge of the wharf, broke open and scattered the tins of opium in the water where police succeeded in recovering 108 of them. Each of the tins, packed especially for smuggling into the United States, weighed 5 ounces and was worth about $20 in Chinese currency here. If smuggled into the United States the tins, resembling tins of tobacco, would be worth more than U. S. $100 each. According to report from police circles each of the tins in the suitcase contained the official stamp of the new Chinese Government Opium-Suppression Bureau in the Nantao section of Shanghai. Gonzalez is being held on a bail of U. S. $5,000 and if found guilty is subject to a maximum penalty of 10 years in jail.

As mentioned in a previous discussion of the subject in *The Review* more than 2,500 tins of opium of this character have been seized on ships bound for the United States, either in the Shanghai harbor or in American ports, since January 1 of this year. In practically all cases the parcels of opium contained the official stamps of the Government Opium-Suppression Bureau, thus providing indisputable evidence that there is corruption within the Bureau because the announced

object of the official organ is to prevent indiscriminate use of the drug and bring about gradual suppression over a period of six years.

The other case involved the arrest of an American woman, Mrs. Margaret Evers, 48-year old resident of San Francisco, at the town of Anyang, Honan province. She is also charged with transporting narcotics and is being held at the Ward Road jail in Shanghai on a bail of U. S. $10,000. If found guilty of the charge of transporting narcotics, Mrs. Evers also faces a penalty of 10 years. According to the report Mrs. Evers was arrested in Anyang, Honan and after being held for five days for investigation was sent by train to Hankow where she was turned over to the American authorities. Mrs. Evers stated she had resided in Shanghai and Peiping for 9 years, serving as a private tutor to Chinese. She had resided in Peiping for two years and among her pupils was Chang Chia-shun, a Honanese. She stated she departed from Peiping on July 5, bound for Anyang, her object being to obtain medical treatment at the Kuang Sheng mission hospital in that city. Her pupil, Chang Chia-shun, who was traveling on the same train asked her to carry two suitcases for him. When they arrived at Anyang Chang failed to appear for his baggage, which, upon inspection by the police, was found to contain heroin and other narcotics—probably produced in one of the Japanese or Korean heroin factories in North China.

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These arrests of American citizens for participation in the narcotic traffic serve to emphasize again the seriousness of the problem involved in the attempt of the opium interests to extend their licensing system into the International Settlement, an area which has heretofore been comparatively free of the evil. According to reports in the local newspapers Cornell S. Franklin, American chairman of the Shanghai Municipal Council, has appointed a new committee to investigate the problem. The new committee is composed of R. G. MacDonald, British; Yulin Hsi, Chinese and W. H. Plant, an American member of the Council. Mr. Plant is manager in China for the United States Steel Products Corporation.

The appointment of the new committee, although not so stated, apparently was made necessary by the resignations of the members of the previous committee consisting of Stirling Fessenden, American Secretary-General; R. T. Bryan, Jr., American Municipal Advocate; Major F. W. Gerrard, British Commissioner of Police. As Major Gerrard was ill, his place on the committee was taken by Major K. M. Bourne, who is also of British nationality. Unofficially it was stated that the resignations were due to a desire to appoint a new commitee "more international in character," but in other quarters it was rumored that the real cause of the withdrawal from the committee was public opposition to the licensing scheme which the Municipal Council allegedly had "approved in principle." According to the reports in the local newspapers the Council's investigation "was being made to determine whether or not it should enter into an agreement with the City Government of Greater Shanghai (Chinese) for permitting the licensing of opium addicts in the International Settlement.

According to an article in *The China Press* on July 14, members of the Council who were opposed to the registration scheme based their opposition on the fear that by licensing smokers the Settlement would become a happy-hunting-ground for opium racketeers. They feared that the scheme would lead to many abuses and eventually would turn the suppression plan into a farce. C. S. Franklin, American Chairman of the Council, stated in the course of an interview that his attitude on the suppression program "like on other Sino-foreign problems, is based on cooperation whenever possible with the Chinese authorities." In conclusion he expressed the opinion that criticism of the licensing scheme was largely due to lack of understanding of the question, in addition to a natural inclination among many Settlement residents who want to have nothing to do with the problem of narcotics.

A report of considerable significance appeared in *The Shanghai Times* on July 18 to the effect that the Chinese officials who were interested in the "suppression" program were planning a counter-move against any opposition which the Municipal Council of the International Settlement "might possibly put in the way of enforcement of the opium-suppression regulations in the International Settlement." It was stated that a meeting of officials interested in opium would be held to consider the matter, those attending the meeting to include officials of the Bureau of Public Safety (Police Department), City Government and the supervisor of narcotic affairs who represents Gen. Chiang Kai-shek. The object of this meeting, according to *The Shanghai Times*, was to urge O. K. Yui, Acting Mayor of the Chinese Municipality to continue his negotiations with Stirling Fessenden, American Secretary-General of the Council. The Chinese officials also stated their intention of exerting pressure on the Chinese members of the Council in order to obtain their assistance in influencing the foreign members. Finally it was suggested that if other methods failed, the Ministry of Foreign Affairs at Nanking would be requested to discuss the matter with the foreign consular authorities at Shanghai who would have to approve any plan adopted by the Municipal Council. Officials connected with the opium-suppression bureau admitted that the Council's hesitancy had been due to opposition stirred up by the for-

eign newspapers which, with one or two exceptions were opposed to the scheme.

Referring to a criticism regarding a 10 percent surtax which was charged on each ounce of opium sold through the official stores, in Nantao, it was explained that the revenue derived from this tax was used to subsidize various hospitals where opium addicts were given cures.

Of indirect interest was a report from Nanking stating that the National Association for Opium Suppression had organized an inspection corps to investigate suppression measures in the various provinces. The corps would be composed of some 30 representatives of various governmental offices who were expected to start on a tour on July 20. A report, compiled by the corps upon its return, would be sent to Victor Hoo, Chinese Minister to Switzerland who would forward same to the League of Nations.

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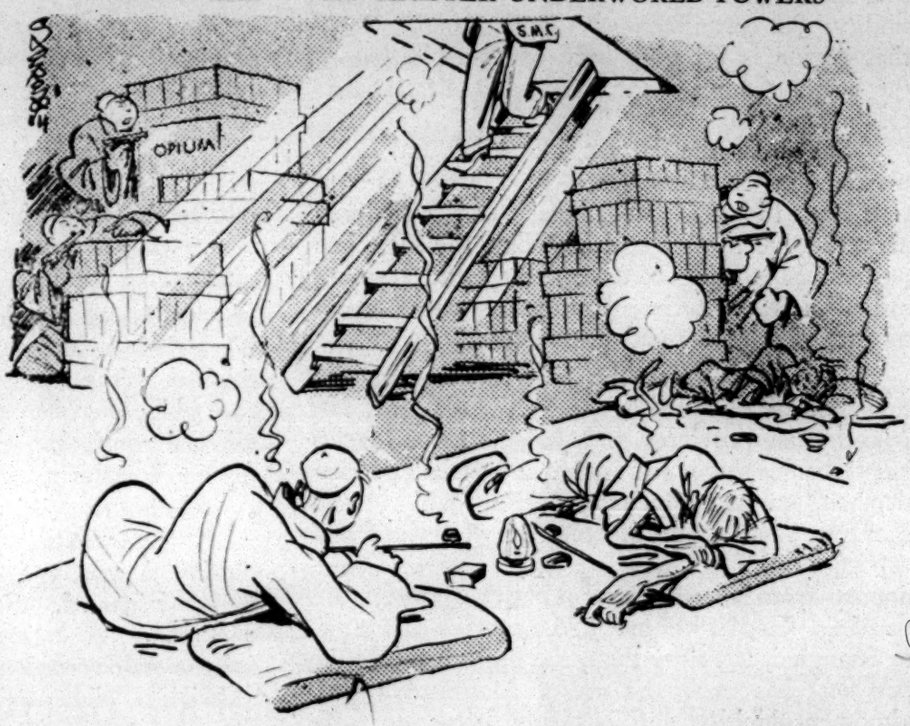
While much has always been heard regarding early British participation in the China opium trade which culminated in the so-called opium war at Canton, it also is a fact that Americans likewise participated in the transportation of opium from both Turkey and India to China in this early period. But the Americans were compelled to get out of the business because of strong opposition at home, finally culminating in drastic penalties against those engaged in the traffic, plus treaty regulations with China on this side of the Pacific which had a similar objective. There is supposed to be in existence an old Canton treaty which exempts American citizens, involved in narcotic cases, from the protection of exterritoriality. In recent years still stricter laws with more drastic penalties have been enacted in the United States, the object being to bring about in the shortest possible time complete suppression of the traffic.

When the United States acquired possession of the Philippines, it immediately abolished the opium monopoly maintained by the Spanish admnistration and adopted a program of complete suppression, a policy still applied under the Commonwealth Government. U. S. policy, based on complete supression, has always been advocated by American delegates at international anti-opium and narcotic conferences, long preceding the meetings held under the auspices of the League of Nations at Geneva.

In view of this established American policy, strictly enforced both at home and abroad, it is ridiculous for American citizens, officials of the International Settlement at Shanghai, to be participating on official committees which have as their objective the legalization of opium trading and smoking in the foreign-administered area.

"GANGSTERISM AND SINISTER UNDERWORLD POWERS"



By SAPAJOU

WATCH YOUR STEP, GUV'NOR!

Cartoon from the leading British newspaper, *North-China Daily News* indicating the dangers involved in the program for licensing opium-smoking and dealings in the Shanghai International Settlement.

There is an obvious moral element involved in this question of American participation on such committees which cannot be overlooked by the American community in Shanghai and which should be a matter of deep concern on the part of American officialdom at Shanghai, Nanking and Peiping. If American citizens, engaging directly in the narcotic traffic, are subject to extreme penalties under drastic U. S. Laws as applied here through the United States Court, it should be obvious that no American citizen should be permitted to participate on official committees of the Settlement which have as their object the extension of a licensing system into the foreign area. This is particularly true now that it has been demonstrated that the so-called licensing system can have no other effect than a tremendous increase in opium consumption and the introduction of opium-gangsterism which has not existed here since the break-up of the old Ezra Opium Combine a decade ago and the smashing of the French Concession opium-ring more recently.

Where Will Shanghai Get Its Coal When Japan Starts War in the North?

THE possibility of a coal shortage worries Shanghai industrialists. If you don't believe it, just ask them.

The problem of securing an adequate supply of coal for industrial projects in Shanghai has always been a tough one, and now that the situation in North China has become critical the possibility of a curtailment of supplies coming from that region is bringing beads of perspiration to the brows of foreign and Chinese industrial leaders in Shanghai. Here's how:

Shanghai, the largest industrial and commercial city in China, used about three million tons of coal in 1935. Shanghai factories consume about 20,000 tons of coal each day, the most important users being cotton spinning and weaving mills, briquet factories, silk filature plants, paper mills, power plants and water works.

For many years the chief sources of the coal used in Shanghai has been North China, the Manchurian provinces and Japan, but as Japan has become more and more industrialized her demands on the supplies of coal available in the Far East have become greater and greater and her exports of coal to China are decreasing while her imports from Manchukuo and North China are increasing. Until 1933 much Manchurian coal came to Shanghai, but since then, the high duty ($4.60 per ton) has made the use of Manchurian coal almost prohibitive and has stimulated the production of Chinese mines.

At least 40 per cent of the coal used in Shanghai comes from the Kailan mines in the East Hopei Zone. The mines there have the largest annual production of any of the mines in China (about five million tons per year), the mining cost is only $2.20 per ton, and the transportation costs are small because the coal can be sent by short railroad haul to Chinwangtao where it can be shipped by steamer to Shanghai The long water haul reduces transportation costs considerably.

Second as a source of coal for Shanghai are the mines in Shantung, which ship coal to Tsingtao and from there by water to Shanghai. These mines, as well as the Kailan collieries, are now each shipping about a million tons of coal to Japan every year.

These two regions supply the bulk of the coal used in Shanghai (about 60 per cent), and for this reason the recent aberrations in the North have caused industrialists to fear the possibilities in the situation.

What can Shanghai do to get the coal it needs? Well, some coal, mostly anthracite, is being imported from Indo-China, but the total is not very great. Attempts were made to find an adequate supply of coal in Australia, but the transportation costs were prohibitive. The best source of supply for coal is still within China itself, but here again, transportation costs have raised the price of coal from its original reasonable level to an almost prohibitive sum. Nevertheless, even conservative estimates place China among the leaders of those countries having excellent supplies of coal. Unfortunately China's supplies have not been developed, and probably will not be developed until better transportation facilities make the coal available at a reasonable rate to the industrial centers.

The average production cost of Chinese mines is $3.80 per ton, while the production cost of the Japanese mines is around $4 per ton. Nevertheless, the fact that Japanese coal was shipped by the relatively inexpensive water route, and Chinese coal came over the fairly expensive railroad route, has given Japanese coal the preference in many cases.

Owing to political disturbances, Chinese railroads have frequently been interrupted during the last decade, and many times have been practically destroyed. Furthermore, during times of disturbance, coal cars are frequently conscripted for the transportation of troops (as Shanghai industrialists discovered during the Sian crisis). Other aspects of the problem, such as taxes, must also be taken into consideration. Foreign owned mines have been subjected to lower and more uniform taxes than have the Chinese owned mines. For instance, the Kailan mines pay a tax of only 15 cents per ton, while the taxes on Chinese owned mines are frequently many times that figure. Thus, the high costs of transportation inland, the frequency of disturbances, the high taxation, and in some cases mismanagement, insufficient capital, and labour troubles have played their part in keeping Chinese owned mines in an undeveloped state.

The Kailan mines in East Hopei, originally organized by Herbert Hoover, still have the advantage on the Shanghai market, for the production cost is small ($2.20 per ton), the transportation cost is low, and Kailan has the largest production of any mines in China. During 1935 the Kailan collieries marketed their products in the following districts (production has increased somewhat since then):

Japan and Korea	516,000 tons
North China	1,477,000 "
Central China	1,292,000 "
South China	217,000 "
Other places	826,000 "

As as illustration of the large amount of coal coming to Shanghai from areas that would be seriously affected in case of trouble in the north, the following table lists the sources of coal for Shanghai in 1935:

Kailan	1,022,600	tons
Chunghsing Shantung)	397,500	"
Shantung (other mines)	540,000	"
Shansi	160,000	"
Other collieries in China	385,600	"
French Indo-China	112,800	"
Japan	164,700	"
Fushun (Manchuria)	135,600	"

Shansi is considered the Saar of China, but the mines there have not been developed because the long rail haul from Shansi to the coast would make the coal too expensive. Most of the coal that is produced in Shansi is consumed locally, largely because railroad freight costs from Shansi to Shanghai are more than $8 per ton.

In Anhwei the mines are more developed, some of the coal being sent to Shanghai and Japan, but the transportation costs still tend to reduce the market. Mines in Honan have a considerable production, despite the high cost of mining, but only a small percentage of the output finds its way to the Shanghai market, the rest being used locally or being sent to Hankow. Kiangsi, Hunan, Kiangsu and Chekiang also have large deposits, but the mines which are operating in those regions sell the production, for the most part, to local consumers.

Generally speaking, the coal production in China, and the chief coal consumption for that matter, is in the hands of foreign interests. Eighty per cent of the coal used in Shanghai comes from foreign owned mines, from mines containing Chinese capital but controlled by foreigners, or from abroad. Shanghai and the Yangtse Valley get coal from the Kailan (British controlled) mines and from Japan and Chefoo. The Kwangtung area absorbs mainly the anthracite from French Indo-China. And these two regions are the two main coal using regions in China.

Thus, Shanghai industrialists are worried for the following reasons:

1. Most of the coal used in Shanghai comes from North China or Japan.
2. Japan's industrialization has called for a greater and greater supply of coal from China.
3. Chinese mines have been poor sources of coal in the past because of the high transportation costs.
4. Even if Chinese coal would become available to the Shanghai market, any serious disturbances in the North would seriously cut down transportation since coal cars are generally conscripted during times of trouble for the movement of troops.
5. Transportation or production costs make all other Chinese or imported coal too expensive to be used in Shanghai. And what is more important, even in ordinary times shipments of coal from the interior are so uncertain that consumers in Shanghai do not like to depend on the Chinese mines for their regular coal supplies.

FRANCIS W. GAPP

The Attempt to Induce America to Intervene in the Sino-Japanese Crisis

THAT the present crisis in the relations of China and Japan is likely to provide the first real test for the new American neutrality law was evident in statements bearing on the subject which appeared in the Shanghai newspapers during the week. Of most interest were statements from French sources!

Madame Genevieve Tabouis, well-known French political writer on the staff of *L'Oeuvre*, declared, "Only one thing can save peace. That is the intervention of the Great Powers, particularly that of the United States. Therefore, it is necessary to follow very closely what happens in Washington, where the President appears to be uneasy about the situation. Only the influence of the great American Republic would be able to make Japan hesitate to pursue the path which it is choosing."

Practically all foreign comment regarding American reactions with respect to the crisis hinged on the operation of the new American Neutrality Act. According to Madame Tabouis President Roosevelt would support the Neutrality Act, if it could be done without being too much in favor of Japan, with country would find it easier than China to send out merchant ships and pay cash for needed supplies. President Roosevelt obviously would not be happy in being compelled under a so-called neuturality act to furnish America's traditional enemy, Japan, with whatever would edify an empire, which in a few years will be well able to measure herself with the United States.

In addition to this comment the French *Havas* service telegraphed an interesting article from the *Paris-Soir* written by M. Alexandre Varenne, former Governor of Indo-China, who recently completed a trip through the Orient. As may be seen from the summary of Mr. Varenne's article, he thinks Japan's activities are largely determined by sinister influences behind the Japanese-German Military Alliance. The summary of Mr. Varenne's article as distributed by *Havas* was as follows:

"Japan, despite her denials, is playing the game of Germany. The role which has been assigned to her in this three-power set-up (Japan, Germany and Italy) is to keep a part of the Soviet armies in the Far East up to and including the very moment when complications in European

politics furnish the occasion for a general conflagration," he writes.

M. Varenne recalls the recent incidents along the Soviet-Manchurian frontier and asserts: "That attempt having missed fire, Japan is now trying to encroach on China. If the U.S.S.R. throws herself into the struggle she will be weakened in Europe. If she does not intervene, Japan may conquer all of North China and assure herself of a solid base for operations against the U.S.S.R. in case of a general conflict."

The former Governor believes that the preceding Japanese Government was ready to settle the question of the military occupation of the outskirts of Peiping amicably, but that the present ministry obeys entirely the military party which would like to dominate the State. It is this party which brought about the dissolution of the Diet last spring, he points out, and which was not inclined to bow before the significant verdict of the Japanese people following the elections of April 30, "and it is the military party which inspires Japanese diplomacy."

"The German-Japanese treaty was concluded at Berlin by the military agents, not by the diplomats, and if you wish to seek an explanation for the present events ask if the cannon shot which resounds throughout China was not fired from Berlin."

However, M. Varenne emphasizes, China is stronger now. Japan will encounter serious resistance in China because of the imperishable reserves and the means of action of China, "which are not to be compared with those of several years ago." He insists on the remarkable progress of the Chinese army, "of which the Japanese have already had a bitter taste during the battles around Shanghai. Japan will find herself engaged now in a long, costly and difficult campaign. She will learn at great expense that one does not so easily crush a nation of more than four hundred million people, capable of sending to the front in successive waves more than two million men well versed in the art of war."

Writing from the French point of view, M. Varenne declares that France has no anti-Japanese predilection, but has "better reasons to believe in the pacific intentions of China, which threatens nobody and is entirely engaged with her work of rehabilitation... That is what directs our sympathies... Unless Japan realizes now, at last, that her present leaders are taking her into a dangerous adventure, perhaps a catastrophe will restore her cool wisdom."

That strenuous efforts are being made by Chinese leaders to induce the United States to intervene actively in the present crisis was evidenced by addresses over international radio-hookups by officials and civilians. Dr. H. H. Kung, Minister of Finance, while in New York spoke on reconstruction; Dr. Wang Chung-hui, Foreign Minister, spoke on recent social, political and economic changes in the country; Dr. Sao-Ke Alfred Sze, former Ambassador at Washington, spoke on "Good Neighborliness," and more recently Hollington K. Tong, well known Chinese writer, spoke on the present crisis. The addresses were broadcasted across the Pacific and received wide radio distribution, the purpose being obvious, to induce the United States to take a more active interest in the crisis in North China. Mr. Tong went further than the other speakers and declared, "While we realize that most Americans desire not to become involved in our troubles in this part of the world, we would not be entirely frank if we did not tell you that war is difficult to localize.... War is like a fire in the next block.... We Chinese hope that the fire will not spread to the block where your property is located, but you must realize that fires are difficult to localize, particularly fires which feed on imperialistic and nationalistic ambitions.... We hope that those who are sincerely interested in the peace of the Pacific—in the peace of the world—will not forget that there is already in existence the machinery for consulation and action—the Nine-Power Treaty—a treaty which stood as a bulwark of peace for ten years, only to be broken by Japan... While the treaty was not sufficient to restrain Japan from violating our territory, that does not prove that its obligations upon those who signed it, are not still binding... Unless the Powers can effect mediation, or unless the Japanese militarists adopt a more conciliatory attitude, war is inevitable."

While China's dire necessity is well realized, the object of European pressure upon the United States to restrain Japan is not always so clear, but generally is based on the feeling of Europe's helplessness in this sphere due to the serious crisis in Spain. The Japanese, always well advised on European politics, chose their time well for the present adventure in North China. Even the Soviet Union, more deeply concerned with Japanese aggression than any other nation, excepting China, apparently has no intention of interfering in present developments on the Chinese front. A London dispatch through *Havas*, published in Shanghai on Wednesday of this week credited Stalin with the intention of following a "moderate policy toward Japan... while Soviet circles are watching with utmost sympathy China's resistence to Japan... well informed circles ((in Moscow?) believe that China should not count upon anything more than the moral support of the U. S. S. R." The origin of this statement was not given in the *Havas* report, but the remainder of the dispatch dealt with the recent "purification" movement in Russia and alleged that Stalin's execution of Gen. Tukhachevsky and his colleagues was due to their intrigues with the German General Staff with the object of patching up peace with Germany in order to give Russia a free hand to deal with Japan in the Far East.

The *Shanghai Evening Post* (July 17) published a long review of American policy dating from Secretary of State, Henry L. Stimson's activities at the time of Japan's intervention in Manchuria in 1931 up to the present predicament of Secretary of State, Cordell Hull, who finds himself in a situation not greatly different from that which faced Secretary Stimson at the beginning of the Manchurian affair. The question, therefore is whether Sercetary Hull will attempt to follow in Stimson's footsteps and try

to obtain international cooperation in restraining Japan.

The writer of the article in the *Evening Post* quoted Colonel Stimson's famous statement, "We are approaching a time when willy-nilly there would be a showdown between law-abiding elements of the world and the law-defying elements represented by the Japanese Army."

An article by C. Y. W. Meng elsewhere in this issue quotes Frederick V. Field Secretary of the Institute of Pacific Relations as declaring:

> "Some further pressure must be brought to bear on Japan to curb the aggression of the minority now in control of that government . . . . imperialism is nourished by success and starved by failure. . . . . In the present mood of the Japanese military any gains abroad, even economic or diplomatic, can be used to advantage in streng-thening their hold on the Japanese people . . . . The immediate job is to frustrate Japanese imperialism and thus force its internal collapse for lack of nourishment abroad . . . Therefore, a prerequisite to the success of an active anti-war policy in the Far East is cooperative action with other countries that have the same general interest in the Far Eastern situation."

⁂

This point, probably the most important to keep in mind when trying to influence U. S. policy, was emphasized recently when the Belgian Prime Minister, M. Paul Van Zeeland, was in Washington. Following a conversation with Van Zeeland, Secretary Hull declared that the United States was disposed to cooperate in the joint work of rebuilding international trade, solving monetary matters and effecting armament reduction. He said that there was a strong feeling in the United States that the time was over-ripe for a program for the peaceful settlement, readjustment and rehabilitation of essential international relationships to replace the present "frenzied armaments race elsewhere in the world and the narrow cut-throat means of commercial trading employed by some nations."

This statement by Secretary Hull, plus a somewhat similar statement by President Roosevelt, inspired a writer in the *Washington Post* to declare that the United States Government "had made a series of moves which had strengthened the bonds of democracies in Asia and Europe and increased the solidarity of American nations. It said that the United States was disposed to give sympathetic cooperation in economic matters to China, Belgium, France and Britain, thus moving closer into this democratic bloc.

If the foregoing appraisal of current political inclinations in the United States was correct, it is obvious that the present crisis in North China presents an unexampled opportunity for intelligent application of the new policy. A writer in the June 21 issue of the *American Observer*, an information journal published in Washington, cited the following as the chief objectives of the Japanese military clique:

1—Acquisition of added colonies.
2—Suppression of Parliament.
3—A strong fighting force.
4—Introduction of state socialism in Japan and on the continent.

While democracy as known in the United States has never been know in Japan even the slight inclination in that direction has been suppressed since the Manchurian intervention in favor of fascism. The recent victory of the political parties apparently only had the effect of precipitating the present intervention in North China. The political-economic set-up in Manchukuo is entirely military fascism. The former Chinese provinces have been converted into a happy hunting ground of state socialism as interpreted and promoted by officers connected with the powerful Kwantung branch of the Japanese Army. This program, which has effectively suppressed private enterprise in the Manchurian provinces and forced the Chinese population into a condition little better than serfdom is now being extended into North China. If the Japanese are permitted to complete their program in North China, it will not be many weeks before all major enterprises are controlled by organizations and groups dominated by the Japanese army in Manchuria.

Along with this system the Japanese warlords have fostered the production and international traffic in opium, morphine, heroin and other habit-forming drugs, recognized as a world menace, but which the Japanese refuse to discontinue because of the money-realizing possibilities and value in the subjugation of native populations.

Americans were once deeply interested in promoting democratic systems—political, educational, religious, philanthropic, commercial and industrial—in Asia. Obviously this democratic spirit and belief in humanitarianism has not disappeared from the hearts of the North Americans. Col. Henry L. Stimson, former Secretary of State, in his remarkable book dealing with the Far Eastern Question, said that American reactions toward developments in Asia were different from the reactions of Europeans because Americans were in the position of near neighbors to the peoples of Asia. He said that American interest in China was not motivated by commercial considerations . . . "it may have been idealistic . . . . it was purely democratic and it was held by people who strongly believed in self-government, in humanitarianism and in peace . . . it was based upon the postulate that China deserved a fair chance to develop herself in the modern world by a protection against violation of her administrative and territorial integrity . . . "

Gen. Chiang Kai-shek Returns to Nanking; Leaders Discuss Nation's Problems at Kuling

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **General Chiang Hurries Back to Nanking to Cope with Northern Crisis.**
2. **China's Leaders Discuss Nation's Issues at Kuling Conference.**
3. **Dr. H. H. Kung Arrives in London, Hopes for Peace in Far East.**
4. **Tu Yueh-sen and Seven Others Elected Shanghai Delegates to Congress.**
5. **Shanghai Business Leaders Start Military Training for Three Months.**
6. **Hsu Returns to Tokyo, Pleads for Justice in Readjusting Relations.**
7. **Panchen Lama Returning to Tibet, Arrangements Said Perfected.**
8. **Hupeh High Court to Hear Appeal of Liu Lu-ying in Assassination Case.**

Gen. Chiang Kai-shek, President of the Executive Yuan and Chairman of the Military Affairs Commission, returned to Nanking from Kuling by plane at 6.35 p.m. July 20. The Generalissimo was accompanied by Madame Chiang. Gen. Chiang's hurried return to Nanking, it was learned, was made because he was convinced that his presence in Nanking was necessary at this juncture of political tension. Robed in a grey silk gown, the Generalissimo looked vigorously healthy and in high spirits. Alighting from his private plane, Gen. Chiang nodded and smiled profusely to the large group of high government officials who welcomed him at the airdrome. Then he motored to his private residence, where he listened to reports by ranking officials on the current North China situation. Among the officials who interviewed him were Dr. Wang Chung-hui, Minister of Foreign Affairs, Gen. Ho Ying-chin, Minister of War, Gen. Yu Fei-peng, Minister of Communications, Chang Kia-ngau, Minister of Railways, and Dr. Wang Shih-chieh, Minister of Education.

INTELLECTUAL LEADERS DISCUSS NATION'S PROBLEMS AT KULING CONFERENCE

Voices of the nation's intellectual leaders on various significant national problems were heard at Kuling July 16 at the much heralded "summer conversations" which started at 9 a.m. on that date. Gen. Chiang Kai-shek and Wang Ching-wei, who played hosts at the gathering, personally greeted the specially invited guests from all parts of China.

Held at the newly completed Kuling Library, the "conversations" were attended by 158 persons, including government officials and leaders of various walks of life.

Wang Ching-wei, acting as chairman, first brought up various important problems now facing the nation and invited criticism and frank expression of views by the "guests."

The fundamental course to take in dealing with the aggravated national crisis as caused by the Lukouchiao incident is for the nation to stand together. Thus declared Wang Ching-wei, in his introductory remarks made at the inaugural ceremony of the "summer conversations." This was Mr. Wang's first comment on the North China situation since the outbreak of the incident on July 7. "We must," Mr. Wang emphasized, "weld the nation's spiritual and material resources into the solid block before we can resist foreign aggression and extricate ourselves from extinction." Mr. Wang devoted a greater part of his address to the past policy of the Government, stating that since September 18, 1931, "to unify the nation in order to overcome the national crisis" has become the general slogan. This, Mr. Wang pointed out, has been mainly responsible for the recent achievement of national unity. In conclusion he made a strong plea for national solidarity at this time when the nationalist revolution is still in progress, for without unified thinking and action, China's strength for resistance against foreign aggression will be weakened.

Seven of the "guests" spoke during the morning's session, including four from Shanghai. Six of them discussed various problems at the "conversations" while Dr. Hu Shih, the eminent philosopher, spoke during the luncheon reception. Dr. Carson Chang, authority on Constitutional Law, the first speaker, said that in face of the present national crisis, the existence of the nation must be placed above everything else. Under the slogan of national unity, in the opinion of Dr. Chang, all those who have retired from the political limelight should place absolute confidence in the National Government and should offer, if any, constructive criticism. Next Dr. Chang Chih-jang, professor of the Soochow University Law School in Shanghai, who expressed the opinion that at the present time when the nation hovers between life and death, one and all should unconditionally follow the National Government in whatever task it has decided to do.

Wang Yun-wu, Editor-in-Chief of the Commercial Press in Shanghai, declared that majority of the Chinese people were now convinced that the National Government had conscientiously buckled down to the task of national salvation.

Asserting that the San Min Chu I was beyond criticism, Chang Shou-yung, President of Kwang Hwa University, Shanghai, urged the government not to be discriminatory in handing out reward and punishment so as to enhance governmental dignity.

The other two who contributed their views were Tseng Chi, for many years professor of Great China University, Shanghai, and Chiang Wen-yu, noted educationalist, who spoke respectively on the Chinese Constitution and national defense.

At the luncheon given by Gen. Chiang and Mr. Wang, Dr. Hu Shih said that the harmonious spirit and frankness displayed at the "conversations" was unmistakable proof that the entire nation was today thinking and acting as one man. In conclusion Dr. Hu expressed the view that today the interests of the nation should be placed above everything else.

Attention was drawn July 17 to the North China crisis at the second day of the "Summer Conversations." A report on the diplomatic situation since the 3rd Plenary Session of the 5th C.E.C. held in February this year was made by Wang Ching-wei. This was followed by an address by General Chiang Kai-shek, defining the settled policy of the National Government vis-a-vis the national emergency. The speech was greeted by prolonged applause. Views were then expressed by Dr. Hu Shih, Dean of the College of Arts of the National Peking University, as well as Dr. Ma Chun-wu, President of Kwangsi University, and Dr. Carson Chang, Liang Shih-shun, Lin Chih-chun, and Liu Chien-chun. Dr. Hu drew special attention to the fact that the North-China crisis must not be regarded as an unimportant incident. He said that the fate of North China depends on the outcome of the crisis. The other speakers urged the Government to define its attitude in the form of concrete facts. The people of North China, it was pointed out, are in full support of any action which the Government may consider it wise to adopt.

MANY PROVINCIAL LEADERS PROCEED TO KULING TO SEE GEN. CHIANG

Gen. Shang Chen, Chairman of Honan, left Kaifeng July 18 for Chengchow enroute to Kuling to see Gen. Chiang Kai-shek. Gen. Shang was accompanied by Gen. Wang Shu-chang, Deputy Pacification Commissioner for Honan and Anhwei, and Lt.-Gen Wu Ke-jen, both former commanders of the ex-Northeastern Forces.

On behalf of General Han Fu-chu, Chairman of Shantung, Chang Yueh, member of the Provincial Government, left for Nanking July 17 en route to Kuling. He will call on General Chiang Kai-shek to report on conditions in Shantung and receive instructions for coping with the situation.

Additional measures to ensure peace and order in Shantung have been taken by General Han Fu-chu, Chairman of the Provincial Government and concurrently Commander of the 3rd Route Army. The public remains calm while keenly following the latest developments in the Peiping area. General Han has instructed the military and police units to give adequate protection to foreigners residing in this province and to arrest any suspicious characters in hotels, inns, theaters and amusement resorts as a precaution against the creation of disturbances. Shizuki Mochizuki, Acting Japanese Consul-General at Tsinan, called on General Han Fu-chu July 14 to request the latter to accord protection to the Japanese residents in Shantung.

In view of the critical situation in the North caused by the provocative activities or the Japanese troops at Lukouchiao, a circular order has been issued by General Liu Chih, Pacification Commissioner for Honan and Anhwei, instructing his subordinates to remain calm, to take precautionary measures against disturbances and to accord proper protection to foreign nationals residing in Honan. A conference was convened by Lieut.-General Tseng Wan-chung, Garrison Commander for Chengchow, July 14 when measures governing the strengthening of peace and order in Chengchow, which is the junction of the Peiping-Hankow and Lun-Hai Railways, were decided upon.

Commencement exercises for the cadets of the 5th Military

Training Class and the Military Training Corps of the Loyang branch of the Central Military Academy were held at Loyang July 14. General Liu Chih, Pacification Commissioner for Honan and Anhwei, who came specially from Kaifeng, addressed the cadets and awarded the certificates and prizes on behalf of General Chiang Kai-shek, President of the Military Affairs Commission and concurrently Principal of the Academy.

KWANGTUNG AND KWANGSI CHAIRMAN VISIT GEN. CHIANG AT KULING

General Wu Te-chen, Chairman of Kwangtung, arrived at Kuling July 17 via Nanking and called on General Chiang Kai-shek to report on the civil administration in Kwangtung. During the interview, the Generalissimo made detailed inquiries regarding conditions in the province.

General Huang Hsu-chu, Chairman of Kwangsi, left Kweilin for Hengchow July 17 en route to Kuling to see General Chiang Kai-shek. During his absence, Lei Yin, Provincial Commissioner of Civil Affairs, will be in charge of provincial affairs.

After a visit of two days to Changchow, south-eastern Fukien, inspecting the defence works there, General Yu Han-mou, Commander-in-Chief of the 4th Route Army and concurrently Pacification Commissioner for Kwangtung, returned to Canton by airplane July 15, accompanied by Lieut.-General Li Chen-chiu, Commander of the 5th Military Area of Kwangtung. In view of the importance of strengthening the defence at this juncture, General Yu Han-mou has cancelled his trip to Kuling to see General Chiang Kai-shek. An order has been issued by the Commander-in-Chief's Headquarters of the 4th Route Army to its subordinate organs prohibiting unauthorized leave of absence of staff members.

Commencement exercises for the cadets of the 21st Engineering Class of the Whampoa Naval Academy were held at Canton July 15. Speeches were delivered by Colonel Chang Hsiang, representative of General Chiang Kai-shek, President of the Military Affairs Commission, and Lieut.-General Hsiang Han-ping, Vice-Commander-in-Chief of the 4th Route Army.

T. V. SOONG PAYS FLYING VISIT TO KULING

T. V. Soong, member of the Standing Committee of the National Economic Council, was elected Chairman of the Board of Directors at the first meeting of the Directors and Supervisors of the Hankow Chi Tsi Hydraulic Power Co. held July 18. Hu Pi-kiang, Li Ming, Singloh Hsu and Ho Heng-fu were elected directors, and Pan Ming-sing, General Manager. Mr. Soong had a short interview with General Ho Cheng-chun, Hupeh Pacification Commissioner, before he left by the same plane at 12.30 p.m. for Kiukiang en route to Kuling to see General Chiang Kai-shek.

CHIANG TING-WEN ARRIVES AT SIAN TO TAKE UP NEW POST

Gen. Chiang Ting-wen, Pacification Commissioner for Fukien, who was recently appointed Acting Director of the Generalissimo's Provisional Headquarters in Sian, has arrived at the Shensi capital to assume his new duties.

SHANGHAI BUSINESS LEADERS START TRAINING FOR THREE MONTHS

Shanghai's Chinese business leaders and industrialists donned the green uniforms of the common soldier July 18 to begin their first day's training in the Citizens' Training Corps. The rooster of the new "taipans' battalion," which boasts the names of some of the city's best-known and wealthiest Chinese businessmen, reads like the pages of a business and professional who's who of China. Heading the list of "big names" is the corpulent, energetic Wang Hsiao-lai, Chairman of the Chinese General Chamber of Commerce and chief promoter in bringing together his friends to join in the volunteer training. Others of the 200 odd names include O. S. Lieu, China's No. 1 match manufacturer and Managing Director of half a dozen of other industrial enterprises; Shang Kang-yuan, Managing Director of China Can Co.; Hu Hsi-yuan, Managing Director of the Oppel Electric Manufacturing Company; and many other important local financiers, lawyers, accountants and businessmen. The business leaders will receive training for three months. Those passing the tests will "graduate" and receive certificates at a parade scheduled on October 10. Seven days a week members of the "taipans' battalion" are required to be present at 5 o'clock in the morning to attend the roll call and the subsequent training. Every Tuesday, Thursday and Saturday, the men will attend lectures, while on Wednesday and Friday their schedule calls for field work. Sunday morning the corps will engage in maneuvers.

CHINA PROMULGATES MILITARY REQUISITION LAW

In a move to hold China's human labor and material resources in readiness for any grave emergency, the National Government promulgated on July 12 the Military Requisition Law.

The new law stands with the Conscription Law recently enforced as two main pillars of China's military legislation. It enables army commanders to requisition necessaries for war, and draft able-bodied males of 20 to 45 years of age "in time of war" and "on the verge of war."

The date for the enforcement of the new legislation has not yet been decided upon. The Executive Yuan and the "highest military authorities" have been instructed to draw up supplementary measures.

Three principles govern military requisition, namely: (1) things necessary for military purposes; (2) things which the possessor is able to supply without endangering the livelihood of himself and his family; and (3) things which are not obtainable by any other means or which, though obtainable by some other means, will take so much time as to incur inconveniences to military operations.

A great variety of movable and immovable possessions are subject to requisition. These are classified under the following categories: (1) ammunition, rifles, cannons, telegraph apparatus and materials and other war equipment; (2) foodstuffs, drinking water, fodder, fuel and cooking utensils; (3) clothing and clothing materials; (4) medicine and medical equipment; (5) houses, stables and storehouses; (6) beasts of burden, vehicles, vessels, railways, trains, tramcars, aeronautic workshops and other factories good for military use; (8) hospitals; (9) land and (10) other movable and immovable property specified by the National Government.

During "grave emergencies" or in a place besieged by enemies the premises and property of government organs or people's self-government organs, cultural and educational institutions, fire brigades and communication facilities for office use will also be subject to requisition.

Things necessary for the practice of the possessors' profession can be requisitioned only in "grave emergency" when the practice of the profession is no longer possible and the turning over of which will not endanger the livelihood of the possessor himself and his family.

Things requisitioned are limited to those obtainable in the specified area and those actually owned by the possessors.

Army commanders are, however, also empowered to order producers or manufacturers to turn out a specified quantity within a fixed period for requisition.

Property belonging to foreign embassies, legations' consulates and their staff members are exempt from requisition. Property belonging to ordinary foreign residents are, however, liable to requisition unless provisions on the contrary are stipulated in treaties between China and their resepctive countries.

This law also enables the authorities to press into service all able-bodied males of from 20 to 25 years of age, with certain exceptions.

The power of requisition is vested in the hands of the Commander-in-Chief of the army and the naval and air forces, Ministers of War and Navy, Chairman of the National Aeronautic Affairs Commission, and other ranking officers of the army and naval and air forces.

DR. KUNG ARRIVES IN LONDON FROM U. S.; HOPES FOR PEACE IN CHINA

Dr. H. H. Kung, Vice-President of China's Executive Yuan and Minister of Finance, arrived at London at 1 p.m. July 18 from the United States. He was met at Southampton by Quo Tai-chi, Chinese Ambassador, representatives of the British Foreign Office, and other officials. After stopping in London three or four days, he will leave for the continent.

"We had hoped that with patience and forbearance this situation with the Japanese Government would not arise and that incidents such as this would not be repeated," declared Dr. H. H. Kung in a statement to the press July 19 concerning the Sino-Japanese conflict when he arrived at Southampton from New York. "I hope that with more patience it may be possible for these incidents to be settled amicably," he continued, "and I also hope that the Japanese Government will realize the danger of any other course."

Dr. H. H. Kung was given an impressive send-off July 14, when he sailed for Europe on board the French Line's super-liner Normandie. He was accompanied to the wharf by representatives of the American Department of State who came especially from Washington to bid him farewell on behalf of Cordell Hull, Secretary of State, and Mayor LaGuardia, who was represented by Colonel Fowler, New York Commissioner of Police. The farewell delegates motored to the pier with the Kung party fronted and flanked by whining motorcycle police squads who disregarded all traffic signals and red lights. In Dr. Kung's party which sailed were P. W. Kuo, P. T. Chen, L. T. Chen, Y. K. Woo, Eddie Woo and S. P. Yuan. Before sailing, Dr. Kung, interviewed by the press, expressed his gratitude to President Roosevelt, Secretaries Hull and Morgenthau and other officials for the reception he had been given in America and with the results of his visit. Replying to a question whether he considered the Japanese attack unwarranted, Dr. Kung replied in the affirmative and referred

the journalists to his statement on Sino-Japanese situation issued July 13. Dr. Kung also declined to comment further on the Kung-Morgenthau agreement, except to point out that the U.S.A. and China buying gold and silver from each other as required by needs was done with a view to benefiting both countries. Dr. C. Kuangson Young and Lea Tsing-yao, who had originally planned to return to Shanghai by the President Hoover sailing from San Francisco on July 24, may not leave as scheduled, Dr. Young plans to make a study of American newspaper industry and news agencies and Mr. Lea will study the Federal Reserve System, Farmer's Credit Administration and the Federal Mint.

On the eve of his departure, Dr. Kung was honored at a dinner given July 13 at the Metropolitan Club by Lewis Pierson, Chairman of the Board of Director of the Irving Trust in New York. The dinner was attended by a large gathering of prominent businessmen of the city. Among those present were Charles R. Gay, President of New York Stock Exchange; Graeme K. Howard, General Manager of overseas operations of the General Motors Corporation; S. R. Inch, President of the Electric Bond and Share Company, which operates the Shanghai Power Company; Harry E. Ward, President of the Irving Trust; Owen D. Young, Chairman of the Board of Directors of the General Electric Company; C. H. Wang and H.D.R. Burgess, joint managers of the Bank of China in New York; Ralph Flanders, President of the Jones Iamson Machine Company; David Edwards, President of the Soco-Lowell Shops, manufacturers of textile machinery; Carle Conway, Chairman of the Board of Directors of The Continental Can Company; Edward Clark, President of Homestake Mining Company and Cirro de Paso Copper Corporation; Walter Carpenter, Vice-President of E. I. Dupont de Nemours Company; Frank Page, Vice-President of the International Telephone and Telegraph Company, which owns and operates the Shanghai Telephone Company and is joint owner with the Chinese Government of the Shanghai Electric Company. The Chinese guests included Dr. P. W. Kuo, K. C. Li, Tan Shaohua, Chinese Minister to Mexico; Tsune-chi Yu, Chinese Consul-General at New York; and several others. After the dinner Dr. Kung made an informal speech, pointing out the great industrial possibilities in China. Answering questions, Dr. Kung discussed the Sino-Japanese stiuation in North China. He much regretted that serious incidents fraught with grave consequences not only to China and Japan but to the peace of the world should have broken out in North China at this time. He pointed out that the Japanese troops were obviously following a premeditated plan to achieve a definite objective when they sent troops to maneuvers near the Marco Polo Bridge, where, the Japanese Army has no right, real or imaginary, to maneuver.

HSU RETURNS TO TOKYO, PLEADS FOR JUSTICE IN READJUSTING RELATIONS

A plea for "justice" in dealing with the relations of China and Japan was made July 19 by Hsu Shih-ying, Chinese Ambassador to Tokyo. Arriving at Kobe at 9.30 a.m. on the s.s *President Cleveland*. Mr. Hsu entrained for Tokyo at 12.25 and reached there the same night. "I believe that if we deal with the various issues confronting us with good faith and in a spirit of justice, a settlement of the situation will not be difficult," he told the press. The envoy admitted that he did not have "any concrete proposals" for a settlement of the tense North China situation. "However, the National Government is firmly adhering to its policy against the aggravation of the situation and in favor of a diplomatic settlement," he remarked. Both the Japanese and the Chinese peoples, Mr. Hsu stated, were facing "a grave period" in their respectives histories this year.

"Efforts to maintain the existing status are necessary on both sides, while enthusiasm is needed to seek an improvement," the Ambassador declared. "We must not be blinded by the events immediately, before us, but we should endeavor to solve the situtaion with an eye to the general welfare of East Asia."

"I shall devote my utmost to liquidate the persen crisis between China and Japan on the basis of justice and sincerity after I return to my Tokyo post," declared Mr. Hsu in a written statement to the press when he left Shanghai July 16. In his statement, he expressed the hope that Prince Konoye and Koki Hirota, who have repeatedly announced in the past their professed desire for the readjustment of Sino-Japanese relations, will continue to devote their energy along this line and work for peace in East Asia. While he will not humiliate the country in carrying out his duties in Tokyo, the statement further stated, he hoped that the people in the country will rally under the Government to face any emergency.

Peace, not war, should remain at all times the watchword and duty of diplomatic officials, Mr. Hsu stated in a written statement issued July 16 as he boarded the President Cleveland to return to Tokyo to aid in the liquidation of the Sino-Japanese impasse in North China. Mr. Hsu pledged his readiness to adjust the relation between China and Japan on a basis of frankness and impartiality. He expressed the hope that Prince Konoye, the Japanese Prime Minister and Foreign Minister Koki Hirota who have in the past endeavored to bring about better Sino-Japanese relations, will now make a determined attempt to prevent the incidents in North China from drifting into more dangerous trends.

Chen Chung-fu, former Chairman of the Foreign Affairs Committee of the Hopei-Chahar Political Council, returned to Tientsin from Tokyo by air July 16. Shortly after arrival he called on Gen. Sung Cheh-yuan, Chairman of the Council.

The joint Office of the National Educational and Cultural Organizations July 17 despatched a cablegram to Dr. Paul Monroe, the American Chairman of the World Education Conference, formally notifying him that China will not attend the Conference because Japan has invited the puppet "Manchukuo" to participate therein. The cable stated that China had taken this step in conformity with her policy of non-recognition of the puppet-State. A cordial welcome was however extended to all delegates to the Conference to visit China.

Twenty-three American, four Canadian and one British delegates to the conference of World Federation of Education Associations, which will be held in Tokyo next month, paid a brief visit to Nanking July 15. The party was greeted at the station by Dr. Irene Ho, daughter of Sir Robert Hotung and representatives of local educational organizations, who accompanied the visitors to the Sun Mausoleum and other leading educational and cultural institutions. A reception was given in honor of the party at the Bankers Association at noon by the National Central University, University of Nanking, Ginling College and other educational organs.

A group of 27 American delegates to the forthcoming world educational conference in Japan visited Nanking July 17. The party was given a warm welcome by representatives of various local educational and cultural organizations. During the reception Dr. Chen Yu-kwang, President of Ginling College, delivered the welcome speech in which he explained why China had decided to withdraw from the world education confab. The party later departed from Nanking for Peiping by train en route to Japan to attend the educational meet

JEHOL MAGISTRATE SEIZES EAST HOPEI DISTRICT

The occupation of Chienan in east Hopei on June 20 by the magistrate of Chinglung in Jehol, now under Japanese control was revealed in a report received in Nanking July 16. Arriving in Chienan on the evening of June 20, the magistrate took over the fourth police sub-station there, and required the policemen to wear "Manchukuo" uniforms. One police officer refused and he was immediately sent to the labor camp in Shuangtzeshan as a punishment. On the morning of June 22, the magistrate, accompanied by the border police commissioner of Manchukuo and a Japanese gendarme commander, announced to the Chienan people that the district would henceforth be under the jurisdiction of the puppet state. In the following morning, the Customs Barrier at Panchiakou was informed by the Japanese authorities that because of its stragteic position, Panchiakou will be subject to the control of Manchukuo. This has been consented by the East Hopei bogus regime, the Customs was further informed. Despite this development, the Chinese Customs authorities announced their intention to continue their functions in Panchiakou as long as conditions permit.

PAOANTUI MUTINY IN EAST HOPEI

A part of the peace preservation corps under Yin Ju-keng in East Hopei have suddenly mutinied, causing great embarrasement to the suddenly mutinied, according to reports received at Tientsin July 18. Chang Ying-yu, commander of the revolting units, is reported to be under arrest by Yin.

Under the direction of military officers of a "certain country," the irregulars at Changpei, 30 miles to the north of Kalgan, are now feverishly making warlike preparations, according to new arrivals at Peiping July 18. An emergency meeting of Japanese ex-Service men at Changpei, according to them, was recently held. The results of the conference was however not divulged. Kalgan was all quiet despite the general tension. A continuous stream of Japanese planes, arms, and ammunitions, began to arrive there several days ago.

FIVE TRAITORS EXECUTED AT PAOTING, NINE RONINS HANDED OVER

Five "traitors" recently arrested at Changhsintien were executed by order of the Paoting Garrison Headquarters July 15. Nine Japanese and Korean ronin in Shihkiachwang, including several women, were escorted to Tientsin and handed over to the Japanese authorities there July 14.

YEN RESUMES OFFICE DESPITE ILL-HEALTH, ORDERS PRECAUTIONS

Although not completely recovered from his ill-health, Gen. Yen Hsi-shan, Pacification Commissioner for Shansi and Suiyuan,

(*Continued on page 296*)

Japan Brings Huge Army to China—Chinese Nation Supports Gen. Chiang's Stand

A *Domei* message from Fengtai, July 21 said there were new hopes for a peaceful settlement of the present Sino-Japanese dispute, as the 37th Chinese Division had began at 10.00 a.m. the evacuation of its positions at Lukouchiao and along the right bank of the Yungting River—in compliance with the terms of the Sino-Japanese truce accord reached in Peiping on July 11. Original plans provided for the replacement of the Thirty-Seventh Division by Peace Preservation Corps units under Gen. Shih Yu-san, but in view of the similarity in uniforms between the two forces, this was abandoned. The evacuated zone will now be entirely devoid of Chinese forces. Earlier reports indicated that the evacuation would apply solely to the Papaoshan area, eight miles west of Peiping, where the International Golf Course is located. Later dispatches revealed that the withdrawal order applied to a much larger and more vital zone.

Three Japanese observers, all of them advisors to the Chinese Twenty-Ninth Army, departed from Peiping in the morning assertedly to watch the Chinese withdrawal.

WITH four Japanese transports with troops due at Tangku, (port for Tientsin) July 22, with a total of 35,000 Japanese troops reported on the way to China by sea, and with two artillery and machine-gun duels between Chinese and Japanese forces staged in the Lukouchiao area July 20, the indications were this week that the North China situation would develop into a general Chinese-Japanese war. Although Major Imai, assistant Japanese military attache at Peiping, July 20 claimed he had been informed by Gen. Chen Hsieh-yuan that three orders, all in compliance with Japanese demands, had been issued by the Hopei-Chahar Political Council providing for: (1) The lifting of martial law in Peiping; (2) the withdrawal of Gen. Feng Chi-an's forces to outside of the city of Peiping; and (3) the punishment of the battalion commander who was held responsible for the Lukouchiao Incident of July 7—thus complying with two of three of the Japanese demands—a spokesman of the Japanese War Office in Tokyo said that the clashes which took place July 20 had voided all hopes for a localization of the North China Incident.

Japanese Artillery Bombs Wanpinghsien and Shihfangyuan

After two days' lull, except for brushes, the otherwise peaceful atmosphere in North China was shattered by Japanese artillery bombardment of Wanpinghsien and Shihfangyuan July 20. With the arrival of reinforcements of over 1,000 men early in the morning, Japanese troops at Lukouchiaoopened fire on Wanpinghsien shortly after 3 p.m. Chinese garrison troops there returned the fire. Exchange of fire lasted for one hour, gradually ceasing at 4.30 o'clock. The day's fighting was stated to be the most serious that has taken place since the outbreak of the Lukouchiao incident on July 7. Two and a half hours after fighting ceased at Wanping, Japanese troops stationed at Tachingtsun suddenly launched a heavy artillery attack on Shihfangyuan, not far north of the Peiping-Hankow Railway near Peiping. As a result of heavy gunfire in the Wanpinghsien fighting, the Marco Polo Bridge was practically destroyed. Casualties were said to be heavy on both sides.

The clash, according to the Japanese, was precipitated by the Chinese, who are alleged to have opened fire from the wall of Wanping city, at the western end of Marco Polo Bridge. The fighting caused the immediate closing of the Yung Ting Men as well as the suspension of the train service.

Domei stated that following the two engagements near Lukouchiao July 20, the Chinese troops were warned that unless they "reflected" upon their actions, the Japanese Army would strike "another, and a deadlier blow." The warning was issued by Major-Gen. Torashiro Kawabe, Brigade Commander stationed in Peiping. Declaring that "I've done my share in chastising the Chinese to-day," the officer said he would continue to maintain a "strict watch" over the Chinese attitude.

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Two Clashes Between Chinese and Japanese July 14—One at Nanyuan, Other at Lofa

Two clashes between Chinese and Japanese troops were reported July 14—one at Nanyuan, and the other at Lofa. At 5 p.m. 200 Japanese cavalry units, while passing through Tuanho, south of Nanyuan from Tungchow, 15 miles east of Peiping, attacked the Headquarters of the 29th Army. Four hours later, a Japanese detachment of about 700, while boarding a train for Fengtai from Tientsin, clashed with Chinese troops stationed at Lofa station, 34 miles north of Tientsin, on the Peiping-Tientsin section of the Peiping-Liaoning Railway.

Chinese troops stationed at Lukouchiao opened a heavy trenchmortar fire on Japanese positions at 9:30 p.m., July 19, a *Domei* message said. Two shells burst over the Japanese lines near Wulitien, but caused no damage.

Rifle and gunfire was again audible in Peiping at 1.30 a.m. July 17. The firing came from the direction of Tachingtsun. Japanese troops who apparently came from Miyun along the Great Wall suddenly appeared near Kaoliying, north of Peiping the previous night.

Miyun Telephone Office Occupied by Japanese Troops—Director of Fengtai Office Seized

Telephonic communications between Peiping and Miyun, about 60 kilometers northeast of the old Capital, were disrupted July 16 after the occupation by Japanese troops of the telephone office there. Continuing their activities in Feng ai, which has been turned into a Japanese military camp, Japanese troops arrested the director of the Telephone Administration there and prevented Chinese police and gendarmes from discharging their duties.

Japanese Troops Occupy Customs Office at Tientsin Station

Intensifying their war preparations in Tientsin, Japanese troops July 17 forcibly occupied the Inspection Office of the Maritime Customs at the West Railway Station. The Office was forcibly taken by some 30 soldiers sent to the Station by the Japanese Garrison Headquarters in Tientsin.

Chinese Unit Dispersed and Disarmed by Japanese Near Peiping

Fired upon by Chinese troops at Anping, 30 klms. southeast of Tungchow, at 8 a.m. July 16, a Japanese detachment routed the attackers and disarmed about 100 men, the headquarters of the Tientsin Garrison in Tientsin announced. The Japanese unit was passing close to the village, the communique said, when the Chinese troops opened fire from behind the village walls.

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Japanese Offer Explanation Concerning "Live" Ammunition

Commenting on the Chinese charge that the fact that the Japanese troops engaged in the maneuvers at Lukouchiao carried live ammunition "proved" Japanese "premeditation," a Japanese official declared to *Domei* in Shanghai July 17:—"It is an established practice in the Japanese Army for each Company to carry about 150 rounds of live ammunition during maneuvers, for any emergency that might arise. Divided among the members of a Company, this corresponds to a bullet for each man. Each Company also carries a box of live ammunition for each light machine gun. This practice is in use not only in North China, but in Korea as well. Thus it was, that during the first clash, Japanese troops did not have enough ammunition to reply to the Chinese fire. Fire was exchanged for the first time only with the arrival of reinforcements some hours later."

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Japanese Planes Repeatedly Attack Peiping-Hankow Railway Train

A *Central News* message from Nanking July 18 said that Japanese military planes on said date flew into the interior of China and made three separate attacks on a Chinese train at various points on the Peiping-Hankow Railway. Immediately upon receipt of report of the news, the Ministry of Foreign Affairs lodged a strong protest with the Japanese Embassy in Nanking.

At 11.20 a.m. two Japanese planes, flying over Changhochiao in Honan, sprayed a passing train with machine-gun fire. Two passengers were killed and others injured.

A similar outrage occurred at noon at Kwanchuangtsan in Hopei when a southward-bound passenger train from Paoting was attacked by machine-gun fire from Japanese planes, resulting in over ten casualties.

A third raid by Japanese from the air occurred at 12:30 p.m. in the vicinity of Yuanszehsien in Hopei. More than ten persons aboard a passing train were killed or wounded.

A Waichiaopu protest pointed out that the flight of Japanese military planes over Chinese territory was in itself an illegal act and a violation of China's sovereignty and territorial rights. Their attack on Chinese trains was even more provocative. The Chinese note demanded that the Japanese military authorities be immediately instructed to stop the illegal activities of the army planes and to ensure that no recurrence of similar outrages would happen. The protest further declared that the Chinese Government would hold Japan responsible for any consequence that may arise from these air attacks and reserve all rights to make legitimate demands.

Tokyo Says Army Entitled to Use Planes in North China

Japanese troops in North China are entitled to use planes for reconnoitering purposes by virtue of the Ho-Umetsu military agreement of June, 1935, a spokesman of the Tokyo War Office said July 19.

Under the Tangku truce agreement of 1933, a Japanese military spokesman claimed, the Japanese had the right to observe Chinese military movements by means of aircraft.

An official Japanese statement admited that a Japanese scouting plane fired with a machine-gun on a train in southern Hopei about noon July 18, but declares that the airman took this action only after the Chinese troops, who were clearly visible on the roofs of the coaches, opened fire on him with their rifles.

Japanese messages said that the trains in the affrays were military convoys as was "conclusively proved" by photographs showing that they carried men and horses and ammunition. "No trained military flier would open fire on a train with a machine gun unless in self-defense," a Japanese staff officer remarked.

Japanese Warplane Exchanges Fire with Troops at Shunteh

Flight-Officer Sakai and Sergeant-Major Koboyashi landed in a bullet-ridden warplane in Tientsin July 18. They reported having an engagement with Central Army troops over Shunteh. During their reconnaissance flight they said they observed huge Central troop movements northward. The Chinese troops aboard the train, they said, commenced firing upon them, whereupon they returned the fire with 300 rounds of machine-gun fire. The occupants of the warplane were not hit, but they had a very narrow escape.

A *Central News* message from Paoting July 18 said a Japanese combat plane sent terror into the civilian populace of Shunteh, in southern Hopei, when it swept the city with wide-of-mark machine gun fire while flying low.

Nanking Planes Concentrate at Loyang

According to the statement of a certain Chinese arriving in Shanghai, July 16 from Loyang, where he had been during the previous four or five days, more than 200 Nanking planes arrived in Loyang from Kwangtung and Hangchow.

For fear of aerial attack, the National Government has already removed its important official documents to Loyang and Nanchang, according to Japanese advices.

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Japan Sends 48-Hour Ultimatum to Nanking

In a virtual ultimatum, served on the Nanking Government at 11:30 p.m. in the night of of July 17, Japan requested the immediate cessation of "provocative activities" as well as the discontinuance of "interference" with the execution by the local authorities of the terms for a settlement of the Lukouchiao Incident of July 7. A reply to the note was requested within 48 hours. An official communique to the above effect was issued at 4 p.m. July 18 by the Japanese Embassy in Nanking.

The announcement was made immediately after the American and the British Embassies in the Chinese capital had been informed of the contents of the note by Japanese diplomats.

Acting on urgent instructions of the Tokyo Foreign Office, Shinrokuro Hidaka, Japanese charge d'affaires, called on Dr. Wang Chung-hui, Chinese Foreign Minister, at the Waichiaopu late at night to deliver the note. Simultaneously, the Japanese diplomat also made verbal representations, the Japanese Embassy announcement said.

According to the Japanese Embassy communique, the note read as follows:

"Firmly adhering to its policy against the aggravation of the situation, publicly announced on July 11, the Japanese Government has patiently endeavored to achieve a local settlement, without ever losing hope for peaceful negotiations. However, the Chinese Government not only persevered in maintaining a provocative attitude, but by various means interfered with the execution by the Hopei-Chahar authorities of the terms for a settlement. The Japanese Government deeply deplores such a threat to the stability of North China and fears that, if the situation is allowed to develop in the present channels, it may lead to grave and unfathomable consequences.

"Your Excellency has repeatedly stated that the policy of the Chinese Government is also against the aggravation of the situation. Therefore, if the Chinese Government truly adheres to such wishes, it is requested by the Japanese Government to realize them by ceasing immediately its provocative activities and undertaking that there shall be no interference with the execution of the terms of the settlement by the local authorities. Moreover, it is requested to give promptly an adequate answer to the above."

The July 11 Demands

A mail message dated at Peiping July 12 published in the *Sin Wen Pao* gave the following as the demands submitted to General Sung Cheh-yuan by the Japanese in connection with the Lukouchiao conflict:

1.—That Wanping and the surrounding districts be demilitarized and be hereafter garrisoned by only 150 unarmed Paoantui.

2.—That severe punishment be meted out to General Chi Sin-wen, heroic defender of Lukouchiao.

3.—That proposals for Sino-Japanese economic co-operation in North China be immediately carried out.

4.—That steps be taken to suppress all anti-Japanese movements in North China.

5.—That measures for a joint campaign against the Communists be enforced.

The terms of the agreement of July 11 (as given by *Domei*) provided for:

1. Evacuation of Chinese troops from Lukouchiao and Lungwangmiao.
2. Official Chinese apology and punishment of Chinese officials responsible for the incident.
3. Suppression, in co-operation with the Japanese, of all anti-Japanese bodies, including the Communists aud the 'Blue Shirts.'

Japanese Colonel Protests Against Continued Northern Movement of Chinese Troops

Acting on instructions from the Tokyo War Office, Col. Sanji Ohkido, assistant Japanese military attache, at 6 p.m. July 17 called at the War Ministry to interview Gen. Ho Ying-chin, Minister of Military Affairs. The latter, stating that he was "too busy," detailed Gen. Tsao Hao-shen, Vice-Minister, as his deputy.

Drawing the Chinese officer's attention to the continued northward movement of Central troops and the transfer of the Chinese air force to the north, Col. Ohkido told Gen. Tsao that the crossing of the Hopei border by Nanking troops would be considered a violation of the Ho-Umetsu agreement.

He also informed Gen. Tsao that should the Chinese government "make preparations to use its air force" in North China, the Japanese Army would resort to measures which it considered necessary.

The responsibility for "any aggravation of the situation" resulting from the activities of the Chinese military forces, Col. Ohkido further stated, would rest with the Nanking government and would be "of no concern to the Japanese Army."

The written communication, which was handed to Gen. Tsou by Col. Ohkido, invoked the agreements reached by the Japanese and Chinese military authorities in the period of May 11, 1935, to July 9, 1935, with reference to North China.

The sending of Central troops to the North or the making preparations to utilize the air force in that region would be considered by the Japanese Army as a violation of the accords, the note stated.

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Japanese Garrison Says Chinese Troops Must Stop "Illegal Operations"

Unless the Chinese troops immediately cease their "Illegal actions," the Japanese Garrison in North China will be obliged to take "independent steps" beginning July 20 noon, it was officially announced in Tientsin July 19.

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Nanking in Aid Memoire Says Local Settlement Shall Be Subject to Its Sanction

The Chinese Government reiterated its desire for a peaceful settlement of the Lukouchiao incident in an Aide Memoire sent by the Foreign Office to the Japanese Embassy at 2.30 p.m. July 19 in reply to Japan's "virtual ultimatum" of July 17.

In the note the Chinese Government proposed that a definite date be fixed for the simultaneous cessation of military movements and the withdrawal of troops on both sides. It also expressed its readiness to enter into negotiations immediately with the Japanese Government through regular diplomatic channels.

The following is an English translation of the Aide Memoire.:

"Since the outbreak of the Lukouchiao incident China having not the least desire to aggravate the situation or provoke a conflict with Japan has repeatedly declared her readiness to seek a settlement by pacific means. The Japanese Government while professing anxiety not to see the situation aggravated has at the same

time despatched large numbers of troops to the province of Hopei. The movements of Japanese troops which have not yet ceased indicate a clear intention on the part of Japan to resort to force.

"In the circumstances the Chinese Government has been compelled to take adequate precautionary measures for self-defence but the Chinese Government has not relaxed its consistent efforts for peace. On July 12 the Minister of Foreign Affairs in discussing the situation with S. Hidaka, Counsellor of the Japanese Ambassy, proposed mutual cessation of military movement and withdrawal of troops on both sides to their original positions. It it to be regretted that no reply to this proposal has yet been received from Japan.

"The Chinese Government now wishes to reiterate its desire for a peaceful settlement of the incident as well as its intention not to aggravate the situation. It is therefore proposed that the two parties jointly fix a definite date on which both sides shall simultaneously cease all military movements and withdraw their respective armed forces to the positions occupied prior to the incident. In view of the peaceful aspirations voiced by the Japanese Government the Chinese Government trusts that the proposal will be acceptable to Japan.

"As regards the procedure to be followed for a just settlement of the Lukouchiao incident, the Chinese Government is prepared immediately to enter into negotiations with the Japanese Government through regular diplomatic channels. The settlement of questions of a local nature susceptible of adjustment on the spot shall be subject to the sanction of the Chinese National Government.

"In short the Chinese Government is ready to exhaust all pacific means for the maintenance of peace in Eastern Asia. Therefore all methods provided by international law and international treaties for the pacific settlement of international disputes—such as direct negotiations, good offices, mediation, arbitration, etc.—are equally acceptable to the Chinese Government."

A Vain Hope That Nanking Would Agree to "Localization" of Incident

The Shanghai correspondent of the Tokyo *Nichi-Nichi* reported that the Nanking Government now "apparently hopes for a localization of the North China incident." This "change of attitude," the correspondent said, should be ascribed to the "indifference shown by foreign powers to the developments in North China and failure of the international situation to develop in favor of China."

"Suspension of international financial assistance to China and financial confusion in that country," the correspondent asserted, "are also responsible for the change in Nanking's stand."

Diplomatic circles in Tokyo said that if the Nanking administration joined the Japanese Government in efforts to localize the incident, an amicable settlement could be easily achieved.

Pointing out several instances of "wanton" attacks upon Japanese troops by Chinese forces and also the alleged steady advance of the Central Army northward, the observers, however, declared the situation "might possibly take a serious turn" unless a prompt improvement was forthcoming.

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Japan Insists on July 11 Agreement

An emphatic denial of the reports that Lieut.-General Kiyoshi Katsuki, Commander-in-Chief of the Japanese forces in North China, had met General Sung Cheh-yuan, Commander of the 29th Army, July 15 was issued by the Japanese military authorities in Tientsin. The only recent interview between high Chinese and officials, they said, was that between Major-General Gun Hashimoto, Chief of Staff of the Japanese Garrison, and General Chang Tzu-chung, Mayor of Tientsin, over Wednesday night. No agreement of any sort, the officials said, had been reached at this or any other meeting within the previous two days, nor had any fresh demands been presented.

Japan, it was emphasized, still adhered to the agreement for the settlement of the Lukouchiao Incident reached in Peiping on July 11.

Specifically denied were the reports that an agreement had been reached for the reorganization of the Hopei-Chahar Political Council, the demilitarization of the Tientsin-Peiping Railway and the withdrawal of the 29th Army to Paotingfu. No such demands, it was stressed, have been presented to the Chinese authorities here.

Maj. Imai, Assistant Japanese Military Attache, called on Gen. Chin Teh-chun, Mayor of Peiping, 4 p.m. July 16 . Their thirty minute interview, however, did not result in an amicable solution of the Lukouchiao incident.

Chen Chueh-sheng Says China Will Not Sign Another Ho-Umetsu Agreement

The Chinese authorities are determined not to sign another agreement similar to the Tangku and Ho-Umetsu Pacts, the Tientsin *Yi Shih Pao* July 15 quoted Chen Chueh-sheng, director of the Peiping-Liaoning railway administration, as saying.

Japanese to Put an End to Night Maneuvers?

A message sent to Nanking May 15 by Mayor Chin Te-shun of Peiping to Li Sze-chun, North China delegate in Nanking, said the Japanese had promised to put an end to further night maneuvers by Japanese troops in North China, on the distinct understanding that the Chinese authorities will take steps to eliminate from North China all Communist elements who, the Japanese pointed out, were the real instigators of the present trouble.

Japanese Insist on Suppression of Communists

Some light on the negotiations held July 11 for settlement of the Lukouchiao incident was given by Lieut.-General Chin Te-shun, Mayor of Peiping, and Lieut.-General Feng Chih-an, Chairman of the Hopei Provincial Government and concurrently Commander of the 37th Division, in a joint report to the Central authorities. The message read in part:

"The negotiations for the settlement of the Lukouchiao incident were conducted with the Japanese side verbally. The latter, attributing the incident to institgation by the communists, demanded their suppression, an apology for the casualties in the battlefield, and no recurrence of such incidents in the future. We, in turn, demanded that the Japanese military should hereafter refrain from holding night maneuvers."

Ambassador Kawagoe Says No Political Demands Made by Japan

The Japanese authorities in North China have not made any political demands in connection with the Lukouchiao incident, declared S. Kawagoe, Japanese Ambassdor, in a press interview at Tientsin July 15. Neither, Mr. Kawagoe asserted, were they negotiating with the regional Chinese authorities here for any secret agreement.

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Japanese Official Statement Puts Week's Losses at 57—Chinese Say Much Higher

Japanese losses in the one-week fighting in North China were put at 57 in an official announcement of the Tokyo War Office issued on July 16. Dead were: five non-commissioned officers and 12 soldiers. Wounded were: seven officers, five non-commissioned officers and 28 soldiers.

Captain Masayoshi Yamazaki was wounded in his left thigh at 5 p.m. July 19, when Chinese troops entrenched at Lukouchiao reopened fire on a Japanese detachment.

A *Central News* message from Peiping July 18 said it was estimated that no less than 200 Japanese soldiers had been killed during clashes with the Chinese in the previous few days at Lukouchiao, Tachingtsun, and Wulitien. A Japanese officer of the rank of captain was also reported to have succumbed to wounds sustained during fighting.

Japanese Military Courier Shot South of Peiping

One Japanese military courier was shot through the chest and killed at about 4 p.m. July 14, when passing by Tuanhotsun, about 15 klms, directly south of Peiping, the Japanese Army headquarters in Tientsin announced July 15.

Shoji Kobayashi, of the detachment commanded by Col. Renya Mutaguchi, was killed in the engagement at Lukouchiao July 20 according to a communique issued by the headquarters of the Japanese Garrison. A private, Shigeyasu Kitajima, received serious wounds in the abdomen and on the wrist.

Major Imai Says Chinese Troops Are "Brutal"

In an interview, Major Imai, the Japanese Military Attache, alleged that the Chinese troops enforcing martial law in Peiping had "brutally manhandled a large number of Japanese subjects." He had made representations to the Chinese authorities, which had resulted in an improvement in the situation, but the Japanese were still very nervous. About 250 Japanese subjects, most of them Korean women and children, have evacuated Peiping of their own volition, he said.

Meantime, Masao Koshiba, a Japanese merchant, reported to the Japanese authorities that he had been beaten with the flat of a big Chinese sword by a 29th Army patrolman on Hatamen Street. Hailed by the patrol as he was leaving the Legation Quarter, Mr. Koshiba said that he was asked why he went in and out of the quarter several times a day. When he replied that he was there on business he was beaten, Mr. Koshiba alleged.

Mayor Imai Makes Demands on Mayor of Peiping

Calling on General Chin Teh-chun, Mayor of Peiping, July 16, Major Takeo Imai, assistant Japanese military attache, presented three demands to the Chinese dignitary. These were: (1) The lifting of martial law; (2) The finding of missing Japanese subjects; and (3) The cessation of allegedly unlawful acts by soldiers of the 29th Army on trains of the Peiping-Liaoning Line.

The first two demands were presented on July 13 and resulted in the shortening of the martial law hours and the release of a large number of Japanese held by the Chinese authorities. Three Japanese residents, however, were still reported missing.

Secrecy Surrounds Tientsin Parleys

Utmost secrecy surrounded the Sino-Japanese negotiations in Tientsin, a *Central News* message July 17 stated.

Wei Chung-han, chairman of the Foreign Affairs Committee of the Hopei-Chahar Political Council, and Major Imai, Japanese military attache, arrived in Tientsin July 17 to participate in the parleys.

The centre of interest in the North China crisis shifted to Tientsin July 16 where truce negotiations were in progress between the Chinese and Japanese authorities. The Chinese, it was said were making every effort to reach a peaceful solution. The Chinese negotiations were headed by General Chi Hsieh-yuan, member of the Hopei-Chahar Political Council, Chen Hsueh-sheng, Managing Director of the Peiping-Liaoning Railway and General Cheng Tse-chung, Mayor of Tientsin.

All Night Conferences in North China

Following a conference with key officials of the Council lasting from 9 p.m. July 14 to 2 a.m. July 15, (during which the officers played mah jong) Gen. Sung Cheh-yuan summoned from Peiping to his residence in Tientsin four members of the Council. Following their arrival shortly after noon, the councillors went into conference with Gen. Sung.

Leaders of the Hopei-Chahar Council during the night of July 15 discussed the Japanese terms for a settlement. With Japanese officials announcing that the acceptance of an accord reached in Peiping July 11 between the Japanese military and the Chinese local authorities, constituted the *sine qua non* for the settlement of the incidents, peace or war appeared to depend on the outcome of the deliberations.

All senior officers of the 29th Army in Tientsin held a conference July 15, after which General Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council and commander of the 29th Army, received a deputation of university presidents, who enquired of the General's views on the situation. In reply, General Sung is reported to have proclaimed his desire for peace.

Immediately upon arrival in Peiping from Tientsin July 19, Gen. Sung Cheh-yuan plunged into a conference with high Chinese officials in Peiping at his private residence. The officials, including Gen. Chin Teh-chun, Mayor of Peiping, reported to Gen. Sung the detailed circumstances of the Lukouchiao incident and also received instructions for coping with the situation.

An official Chinese statement, issued in Peiping July 19, stated that the interview the previous afternoon between General Sung Cheh-yuan, and Lieutenant-General Katsuki, Commander-in-Chief of the Japanese forces in North China, was confined to an exchange of civilities.

29th Army Said to Have Moved to Original Positions

Gen. Chia Teh-yao, a member of the standing committee of the Hopei-Chahar Political Council, July 18 informed Major Takeo Imai, assistant Japanese military attache, that troops of the Twenty-Ninth Army in Peiping have been withdrawn to their original positions. A *Domei* correspondent touring the city said he saw soldiers removing sandbag barricades from City walls in the Eastern and Western districts, which have a heavy Japanese population.

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Dissensions in the Ranks of the 29th Army

Chinese military circles in Peiping July 18 admitted that some differences have arisen between the leaders of the 29th Army over their attitude towards the Japanese terms, but they emphasized that this would not impair the solidarity of the army as a whole.

Well-informed Chinese in Tientsin asserted July 17 that the Twenty-Ninth Army backs the stand of the anti-Japanese faction, and point out that should Gen. Sung favor rapprochement with the Japanese, it would cost him the command of his Army.

Messages July 17 from Paotingfu indicated that the strength of Central troops already in Hopei on that date exceeded five divisions.

A survey made by *Reuters* correspondent of all shades of opinion indicated that the rank and file of the 29th Army are ready to overthrow their leaders if they accepted a humiliating settlement.

The *Shanghai Mainichi* July 18 printed a message from Nanking stating that according to general observation, it is alleged that internal disruption in the 29th Route Army has become acute with the fact that Chen Teh-chun, Mayor of Peiping, Feng Chi-an, Commander of the 37th Division, and Shih Ching-ting, member of the Hopei-Chahar Political Council, who have voiced resistance against Japan, recently effected closer contact with the Nanking Government, being in opposition to the humiliating attitude of General Sung Cheh-yuan, Chen Chueh-sen, Chang Tze-chung, and Tsi Shih-yuan, who were conducting negotiations with the Japanese authorities in Tientsin.

A Face-Saving Scheme by the North China Authorities

The *Wai Lun* News Agency July 18 said that the puppets in North China have proposed that in order to avoid opposition from the people, an apology will be tendered to the Japanese by a representative and not by General Sung himself. The plan also provides that General Ho Kee-feng, commander of the 110th Brigade of the 27th Division should be dismissed for his alleged action in ordering his troops to fire on the Japanese and that the 37th Division withdraw from the districts of Wanping, Lukouchiao and Siyuan, which would be hereafter garrisoned by the 38th Division under Chang Tse-chung.

Officers Fire on Gen. Chang Tse-tsung When He Refuses to Launch War on Japanese

The *Wai Lun News Agency* July 17 stated that dissatisfied with the traitorous action of General Chang Tse-tsung, Mayor of Tientsin, a number of officers the 38th Division called on General Chang on July 12 and demanded of the latter to give orders for immediate war on Japan. General Chang refused, whereupon the officers opened fire. General Chang, however, escaped injury. The officers then fired on Shih Yu-sen, bandit chief who is now garrison commander in Northern Hopei. Shih was seriously wounded.

Wu Pei-fu Allegedly Urges 37th Division to Evacuate Peiping

A Peiping message dated July 14 in the *Shanghai Nichi-Nichi* claimed that Wu Pei-fu, former Chinese local warlord, Kiang Shao-chung, and others have filed a petition with the competent authorities, urging the 37th Division to evacuate Peiping City.

A circular order was issued by General Liu Chih, Pacification Commissioner for Honan and Anhwei, in Chengchow July 15, instructing his subordinates to remain calm, to take precautionary measures against disturbances and to accord proper protection to foreign nationals residing in Honan.

Tientsin Station Master Released by Japanese Troops

The head of the railway station at Tientsin was released by Japanese troops July 15 according to a telegram received by the Shanghai Office of the 29th Army from the Chinese authorities in North China. The railway master was recently detained by Japanese troops when he refused to comply with their demand for the dispatch of trains to transport Japanese reinforcements from Shanhaikwan.

Japanese Officer Commits Suicide at Shanhaikwan Station

A junior Japanese officer committed suicide as a protest against unwarranted fighting with the Chinese. Immediately after arriving at Shanhaikwan station from Manchuria July 15 with Japanese reinforcements enroute to North China, the deceased blew his brains out with a pistol.

Parleys Suspended for One Day Owing to Funeral of General Tashiro

The Sino-Japanese negotiations at Tientsin for the settlement of the Lukouchiao incident were suspended July 17 on account of the funeral of the late General Tashiro.

Japanese Forces Seize Wharf Accommodations at Tientsin

Japanese forces at Tientsin July 20 seized all the Chinese wharfage properties at Tangku including the China Merchants wharf. The seizure of the Customs in Tientsin was held to be expected momentarily. The Japanese Concession is sandbagged and bears all the appearance of being prepared for a siege. Chinese in the City were reported to be flocking in great numbers to the Tientsin concessions.

The Japanese wharfage company at Tangku, the port of Tientsin, was instructed by the Japanese military authorities July 19 to remove 7000 tons of coal from the wharf by July 22. The company has also been instructed to hold all its lighters in readiness for the Japanese military at a moment's notice, presumably for the transport of Japanese troopssea.

Two Prominent North China Officials Resign

Chen Chueh-sheng, managing director of the Peiping-Liaoning Railway, who figured prominently in the recent negotiations concerning the Lukouchiao incident, resigned July 20 saying that he "had fallen ill due to pressure of business." Gen. Sung is stated to have accepted Mr. Chen's resignation, although the latter says he had only asked for leave of absence.

The resignation of Lei Shih-shang from his post as Director of the Social Welfare Bureau of the Peiping Municipality, was accepted by the Hopei-Chahar Political Council July 20. Mr. Lei, who will take an investigation trip abroad, is succeeded by Kuo Kwei-hsuen, deputy secretary-general of the Hopei-Chahar Pacification Commissioner's Headquarters.

Leading Negotiators All Taken "Ill"

The progress of negotiations in North China was hampered by the fact that both Chen Chueh-sen and Mayor Chang Tse-chung of Tientsin had been both taken "seriously ill," a Tientsin message to the *Shih Shih Hsin Pao*, July 21 stated.

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British Troops Return from Shanhaikuan

British troops recently at Shanhaikuan, with the exception of one company, have been withdrawn to Tientsin, according to an announcement by military authorities made in Hongkong July 19. Headquarters officers pointed out, however, that this action implies no fear of danger at either Tientsin or Shanhaikuan. The normal amount of army stores and equipment were left at Shanhaikuan.

Gen. Sung Cheh-yuan Refuses to Sign Written Agreement

General Sung Cheh-yuan has resolutely refused to sign a written agreement for the settlement of the so-called Lukouchiao Incident, a *Reuter* message from Tientsin July 19 stated.

Accompanied by General Chang Tze-chung, Mayor of Tientsin, General Sung visited the Japanese Military Club and explained his attitude to Lieutenant-General Katsuki, Commander-in-Chief of the Japanese forces in North China, and his Chief-of-Staff, Major-General Hashimoto. After General Sung had made clear that he would not sign any written agreement, the Japanese, it is reported, agreed that verbal recognition of the truce protocol of July 11 would be sufficient. This, it is stated, was given by General Sung. General Sung is also said to have expressed his regrets over the occurrence of the Lukouchiao Incident.

The Japanese military authorities in Tientsin July 19 denied the report that Lieut.-Gen. Katsuki, Commander-in-Chief of the Japanese forces in North China, is satisfied with the verbal recognition of the truce protocol of July 11 given to him July 18 by General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political.

Tokyo Dissatisfied With Sung's Apology

Japan cannot be satisfied with the "shallow apology" for the Lukouchiao incident made in Tientsin by Gen. Sung Cheh-yuan, a high Government official told *Domei* in Tokyo July 18.

Gen. Sung's action, he declared, is a maneuver, "similar to those usually employed by Chinese officials in time of stress." The only significant feature of Gen. Sung's action, the official contended, was his failure to comply with the remaining articles of the Lukouchiao accord of July 11.

"Unless the Chinese authorities change their attitude promptly, the Japanese Government will be compelled to take decisive steps," he declared.

Kunming Sends $10,000 to Gen. Sung Cheh-yuan

Far-flung Kunming responded to the heroic defense of Chinese territory by soldiers of the 29th Army in the North with a sum of $10,000 in Yunnan notes which was remitted to Gen. Sung Cheh-yuan, July 15 as its share to the "comfort fund" now being raised from all quarters.

General Sung Declines Donations

A *Reuter* message from Tientsin July 15, stated that General Sung Cheh-yuan, had announced his decision not to accept the numerous offers of donations to his troops. "The Army's duty is to fight, for which it is paid," he says in a circular telegram. Therefore, he added, he does not intend to accept the donations. The Loukuchiao affair, the General concludes, is a local issue.

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Tientsin Citizens Pledge Full Support for Gen. Sung Cheh-Yuan

Over a thousand citizens of Tientsin July 18 issued a joint circular telegram on the Lukouchiao Incident. The message pledged full support for General Sung Che-yuan, in the campaign of resistance Japanese aggression. The telegram urged the Central authorities to dispatch troops to the North to assist the local authorities in defending national territory. The Government was requested to negotiate a peaceful settlement on the basis of equality and independence, and refrain from accepting humiliating terms. More than $6,000 was received by the 29th Army from overseas Chinese, including $1,000 from Manila.

Educational circles in Peiping July 17 sent a wire to General Sung Cheh-yuan, expressing the opinion that the educators were not opposed to a peaceful settlement, but never should the authorities accept humiliating terms from the Japanese.

Shanghai Public Organizations Encourage 29th Army

Urging the soldiers of the 29th Army to continue resistance against the Japanese, a telegram from a hundred public organizations in Shanghai, July 15 pointed out that "the truculent Japanese invasion has aroused the indigation of the entire country. The Japanese are bent on aggression; their premeditation is obvious."

San Francisco Chinese Ask for Armed Resistance Against Japan

Immediate dispatch of troops to North China to resist Japanese invasion was asked in a wire received by the National Government July 19 from overseas Chinese in San Francisco. Stating that "the Japanese troops have already invaded our territory," the wire pledged all assistance, on behalf of the entire Chinese colony in the Golden Gate city, to the National Government in defending Chinese territory.

Overseas Chinese Pledge Support

Chinese residents in Singapore cabled the Chinese Government urging a firm stand against the Japanese. Overseas Chinese, they declare, will give China every assistance she needs.

Following the example of Chinese living in the State of Johore, who have already collected over $20,000 for Red Cross work in China, funds have been opened throughout Malaya for the same purpose.

Japan Not Approached by Any Foreign Government—Will Not Accept Mediation

Japan has not been approached by any foreign government regarding the settlement of the North China incident, a *Domei* message from Tokyo July 16 stated. It was admitted, however, that Captain Anthony Eden, British Foreign Secretary, in an interview with Shigeru Yoshida, Japanese Ambassador to the Court of St. James on July 12, orally communicated his Government's desire that the Lukouchiao incident be localized and not aggravated.

No communications of any sort had been received either from the American or French Governments, it was said.

Circles close to the Tokyo Government said that the Japanese Government would not accept the mediation or intervention of a third party in the current Sino-Japanese dispute.

A spokesman of the Foreign Office declared that the incident would be settled amicably, "if China would only faithfully observe the three-point agreement reached between the Japanese and Chinese authorities in North China on July 11."

A 90-minute report on the situation in North China was made July 16 to Premier Prince Fumimaro Konoye by Mr. Kensuke. Horinouchi, Vice-Minister for Foreign Affairs.

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700 Japanese Evacuate Peiping in One Day

More than 700 Japanese residents departed from Peiping July 16 for Tientsin. More than 200 Koreans living in the Western district spent the night in the compound of the Eastern Primary School, sleeping in the open.

Arrangements were completed July 17 between the Japanese Embassy and the Peiping-Suiyuan Railway Administration for the evacuation of about 500 of the 600 Japanese subjects residing in Kalgan. They were transported to Tientsin.

With their evacuation, the entire hinterland of North China will be clear of Japanese, with the exception of Special Service officers and a few other officials.

Japanese in Shansi Province Evacuated

Japanese residents in Shansi arrived in Peiping, July 16, following an uneventful journey from Taiyuan.

More than 160 Japanese and Koreans, mostly women and children, arrived in Tsingtao over the week end. They came from points along the Kiaochow-Tsinan Railway upon orders from the Japanese consular authorities.

Strong Anti-Japanese Sentiment in Taiyuan

The anti-Japanese sentiment in Taiyuan is so strong, according to Probationary Consul Yoshimitsu Ando, who was among the Shansi refugees, that the group was pelted with rocks on its departure from the Shansi capital.

The situation in Taiyuan began to become serious on July 13, according to Mr. Ando, as the National Salvation Association, the Military Training Corps and various student bodies launched an anti-Japanese campaign.

Every telephone pole and every wall, he said, was covered with posters calling for resistance to Japan, assistance to the 29th Army, and opposition to any moves to break with the Central Government.

Peiping-Hankow Railway Employees Arrive in Hankow

Chinese refugees from the north, eight hundred employees of the Changhsintien shops of the Peiping-Hankow Railway and their families, arrived in Hankow on the night of July 16.

Tsinan Japanese Assured of Safety

Assurances of continued protection for Japanese lives and property in Tsinan were given to Shizuka Mochizuki, acting Consul-General, by Chen Chu-chien, Mayor of Tsinan, July 16. A similar pledge was given by Gen. Han Fu-chu, Chairman of the Provincial Government, in an interview with Lieut.-Col. Yoshio Ishino, Chief of the Japanese Army's Special Service Section.

Japanese troops July 20 forcibly occupied the premises of the Chiaotung University at Tongshan, the mining town along the Peiping-Liaoning Railway. Staff members and students of the university, who were ejected from the campus, proceeded to Tientsin for refuge.

Families of Embassy Officials Leave Nanking

Families of Japanese Embassy officials in Nanking were due to leave for Shanghai and Japan by July 23.

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Tokyo "Inner Cabinet" Decides to Take "Every Precaution"

Reiterating its established policy, the Tokyo "Inner Cabinet" July 18 decided to take "every precaution against any possible emergency."

Forsaking the customary week-end vacations, the five key members of the Cabinet met with the Premier, Prince Fumimaro Konoye, to receive the latest reports on the situation in the troubled area and to elaborate the Government's policy. Agreement was reached on the following points:

1.—The Government will continue to adhere to the policy decided on July 11, and reiterated July 17;

2.—Efforts will be continued to localize the incident and to prevent its aggravation;

3.—Local Chinese authorities will be urged to carry out the terms of the Lukouchiao agreement of July 11 and watch will be kept over their observance of the provisions of the accord.

4.—Precautions will be taken against any possible emergency.

Japan Urged to Be Prepared for "Worst Eventuality"

The Japanese people were urged July 15 by members of the "Inner Cabinet" to be fully prepared for the "worst eventuality," which might occur "despite Japan's efforts to the contrary."

Japanese Continue to Harp on China's "Insincere Attitude"

Japan's demand for an immediate realization of the terms of the Lukouchiao accord was caused by a conviction that further delay would seriously endanger the safety of Japanese residents and troops in North China, an Army spokesman in Tokyo stated July 18.

The Government's decision to take steps for the "acceleration" of the settlement of the Lukouchiao incident, he added, was impelled by the continued northward movement of Central troops and the "insincere attitude" of local authorities in North China. "Further patient waiting on our part," he declared, "would have only prolonged the current instability."

High civil officials of the Government, interviewed by *Domei*, reiterated the Army spokesman's belief that no further delay in the settlement of the incident could be tolerated.

Lieut.-Gen. Kiyoshi Katsuki, Commander of the Japanese forces in North China, it was indicated, has been instructed to inform Gen. Sung Cheh-yuan, Chairman of the Hopei-Charhar Political Council, of the Government's determined stand.

Tokyo Cabinet Approves Yen 10,000,000 Appropriation

Approval was granted by the Tokyo Cabinet July 17 to an appropriation of approximately Yen 10,000,000 for expenses in connection with the North China incident. The sum will be drawn from the Second Reserve Fund. Additional appropriations will be sought in the form of supplementary budgets to be presented to the Diet later this month.

Tokyo Officially Announces Dispatch of Troops to China

Dispatch of an unannounced number of troops from Japan proper to North China was decided upon July 15, a War Office communique issued in Tokyo July 15 stated. War Office circles in Tokyo intimated that the sending of the troops had been precipitated by reports that six Chinese Central Army divisions were now on their way north.

Reporting the dispatch of troops to North China, Premier Konoye declared that "the only desire of the Government is to prevent a grave situation." Expressing his hope for an amicable settlement of the incident, Prince Konoye said his Government would attempt to secure China's "sincere guarantees" that similar "illegal actions" would not recur. The Premier concluded by asking the Governors to unite the nation in the current crisis.

Echoing Prince Konoye's hope for a peaceful settlement of the incident, Foreign Minister Hirota said: "It would be fortunate for China, Japan and Manchukuo if adequate guarantees were forthcoming for the maintenance of peace and order in North China, as a result of the negotiations now in progress on the spot."

Buddhist Head Asks Support for Tokyo Government

Ten million followers of the powerful Nishi Honganji sect throughout Japan were asked July 16 by the Rev. Koshi Chiba, Chairman of the organization's executive committee, to support the Government in the current crisis. The leaders of the sect also decided to dispatch preachers to Manchukuo and North China, to comfort Japanese troops.

Diet Members Pledge Support to Tokyo Government

Representatives of the two Houses of the Diet in Tokyo July 17 pledged themselves to support the Government's policy in the current Sino-Japanese dispute.

Britain Asked Not to Intervene by Japanese Rightists

Great Britain was requested not to intervene in the situation in North China in a letter handed by the ultrarightist Japan Production Party, an affiliate of the Black Dragon Society, to the British Embassy in Tokyo, July 18 for transit to the British Government. Japan's action in North China, the letter stated, is based solely on self-defence, and the Party is strongly opposed to any measures by Britain for intervention.

Japanese Army Officer Says Chinese Try to Play One Side Against the Other

Taking advantage of the current Sino-Japanese dispute in North China, the Nanking Government is planning to "liquidate" the provincial troops in the north by "playing them off against Japan," a high Army officer today told *Domei* in Tokyo July 15. "The Central Government," he declared, "apparently intends to employ its traditional policy of playing one body against another even in the task of national unification."

Despite the Army's efforts to reach an amicable settlement of the North China incident, a "grave situation" will develop if China continues her "insincere attitude," Gen. Gen Sugiyama, Japanese War Minister, July 17 told retired generals in Tokyo.

A demand for the acceptance of the Japanese terms was handed July 17 to General Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council and commander of the 29th Army, by Lieut.-General Kiyoshi Katsuki, commander of the Japanese garrison in North China, according to the Tokyo *Nichi-Nichi*.

An unnamed important Japanese Government official, who had just returned to Tokyo from a visit to North China, was said by *Domei* to have submitted a very pessimistic report July 18 on the state of affairs in the trouble area. The official is said to have accused the Twenty-Ninth Army of "firing upon the numerically inferior Japanese troops without the slightest provocation" and of "arresting, persecuting and maltreating" Japanese residents in Peiping. Such conditions, his report is said to have emphasized, greatly prejudiced the prestige of the Japanese Army and its right to station troops and stage maneuvers near Peiping and Tientsin.

Entry of Central Troops Into Hopei Reported to Tokyo

Confirming press reports that Chinese Central troops had entered Hopei, the Tokyo War Office July 17 announced the arrival of vanguards of two Nanking divisions in Paotingfu, capital of Hopei province.

The communique attracted widespread attention in the Japanese Capital in view of the warning served by the Japanese Army on the Nanking government July 17 that the movement of Central troops into Hopei province would "not be tolerated."

CHINESE MILITARY MOVEMENTS

Chinese Troops Cross into Hopei

For the first time since the present crisis in North China developed, Chinese troops from outside Hopei entered the province end of last week. An unspecified number of divisions, according to a reliable foreign source, reached Paotingfu, on the Peiping-Hankow Railway, 90 miles west-south-west of Tientsin and 85 miles south-west of Peiping. Paotingfu is the seat of the Hopei provincial government. The troops were instructed not to proceed farther north for the present.

Chinese Troops Encircle Japanese Concession in Hankow

Three regiments of Chinese troops, numbering about 3,000 strong, were stationed at various points around the Japanese concession in Hankow July 15, a *Domei* message said. The force, which formerly comprised one regiment, was trebled on July 10. Paoantui detachments were also sent to man the forts at Wusueh, below Hankow.

Nanking Orders Staff College Students to Posts

Students of the Military Staff College in Nanking have been ordered to return immediately to their posts with Army units, according to press messages received in Tokyo July 16.

Kwangsi Asks Permission to Send Troops North

Almost exactly a year after their abortive revolt against the Central Government, the Kwangsi military leaders July 15 asked Nanking for a permission to send three Army divisions north. The request, addressed to Gen. Ho Ying-chin, War Minister, was signed by Generals Li Tsung-jen and Pai Chung-hsi, respectively Commander and Deputy Commander of the Provincial forces, and their subordinates.

"Our country," the message read, "is in peril, which permits of no delay. We ask permission to send three divisions north. We are all ready to sacrifice our lives in a war with Japan."

Gen. Yu Han-mou Discusses Military Problems with Fukien Heads

Completing a day's visit to Fukien, where he conferred with the military and civil leaders of the province, Gen. Yu Han-mou, Pacification Commissioner of Kwangtung, returned to Canton by air July 15. During his visit to Chengchow and Foochow, Gen. Yu met Gen. Chen Yi, Chairman of the Fukien Provincial Government; Gen. Chiang Ting-wen, who has just been placed in charge of the Generalissimo's headquarters in Sian; and the commanding officers of the 157th and the 158th Divisions.

The problems discussed, according to informed Chinese quarters in Canton, included: Closer liaison between the Kwangtung and Fukien troops, and the eradication of Japanese influence in South China.

30 Aircraft Leave Canton for North

A *Domei* message from Canton July 15 stated that 30 military airplanes had left Shaho station for Nanchang on instructions of Gen. Chen Ching-yun, commander of the First Air Group Corps. Accompanying the machines were 150 flight officers and technicians.

Chiang Kai-shek Said Very Calm Regarding Lukouchiao Incident

Gen. Chiang Kai-shek, is very calm toward the Lukouchiao incident, according to Yu Yu-jen, President of the Control Yuan, in an interview with the *Central News Agency* in Kuling July 15. The Generalissimo, he said, is in fine condition and not the least perturbed by the tense situation in the North.

Chinese Bring Ammunition into Peiping

A large quantity of ammunition was brought into Peiping by troops of the Twenty-Ninth Army during the night of July 18. Trenches have been dug in front of the Gendarmerie station, west of the Peiping Municipal Offices. Barricades have been erected at all the gates and at important street intersections. The streets are constantly patrolled by troops.

Handbills Distributed in Peiping Call for Resistance Against Aggressors

Twenty-two civic bodies in Peiping July 15 distributed thousands of handbills this morning calling the attention of the local populace to the North China crisis and urging them to launch a movement to resist foreign aggression.

Railway Bridge Under Repair

A bridge of the Peiping-Hankow Railway near Lukouchiao, which has been occupied and damaged considerably by Japanese forces during the recent fighting, was under repair July 16, and traffic on the line was expected to be resumed shortly.

Chinese Ammunition Arrives in Tientsin on German Steamer

A consignment of machine-guns, rifles and ammunition ordered by the Chinese Government, arrived in Tientsin July 16 aboard the German steamer *Isar*, and was unloaded by foreign-owned lighters at Taku Bar, which brought the consignment up to Tientsin.

An unarmed Japanese cutter circled round the ship the first day, and the second day a Japanese cutter armed with three machine-guns performed the same evolutions but did not take any further action.

Rails Removed South of Yungtingmen to Check Japanese

Train service between Fengtai and Peiping was disrupted from two to nine o'clock of the forenoon of July 18 following the removal of a number of rails south of Yungtingmen by Chinese troops to prevent a Japanese train from coming to Peiping.

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JAPANESE MILITARY MOVEMENTS

Japan Said to Be Ready to Mobilize 400,000 Troops in China

Foreshadowing a large scale armed invasion of China, the Japanese Government is ready to mobilize 400,000 troops in China, a *Central News* message from Nanking July 17 stated. In addition to the five Japanese divisions now heading for China, a large number of fresh Japanese troops both at home and on the mainland received mobilization orders. Reservists meanwhile were being feverishly drafted for military service. Large quantities of arms and military supplies continued to pour into the Peiping-Tientsin area. A consignment of several hundred tanks had already left Japan, while some 400 Japanese planes had landed at Formosa awaiting order.

Five Japanese Divisions Leave Japan for Various Destinations in China

Five Japanese army divisions with an estimated total strength of no less than 100,000 have left Japan for various destinations in China and Korea, according to reports received from usually reliable sources in Nanking July 16, quoted by *Kuo Min*. The units which have left Japan are the 5th, 6th, 10th, 12th and 16th Divisions. Two of them have orders to proceed directly to North China while the others will wait for further orders in Korea.

It is also reported that Japanese reservists throughout Korea have been called up for immediate service in anticipation of the standing army there being dispatched to this country.

A fleet of 31 merchant vessels is reported to have been chattered by the Japanese military for the transport of troops and munitions from Japan.

Troops from Korea Come by Rail

Ten thousands Japanese troops were reported to have left Korea by train to speed across the border into Manchuria and North China, according to a message from Nanking July 18. Among military supplies which were being rushed for the Japanese forces in the Peiping-Tientsin area, 2,500 cases of heavy shells and other ammunitions, carried by fifteen coaches, had already arrived. Tanks, anti-aircraft guns, and heavy trucks were prominent among the necessary military equipment shipped in steady streams to Chinese territory.

Bank of Chosen to Put Paper Notes Into Circulation in North China

A report received in Nanking stated that in view of the presence of large Japanese forces in North China, the Bank of Chosen will shortly place Yen 50,000,000 worth of paper notes into circulation in Tientsin and Tsingtao.

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Continued Japanese Troop Concentration at Tientsin

At Tientsin, four more train loads of munitions, military supplies, army trucks and armored cars arrived July 16 while along the Peiping-Tientsin line the Japanese forces were increased by more than 500 soldiers and about 20 field guns.

The Japanese reinforcements which arrived in Tientsin July 15 from outside the Great Wall belong to the 10th Japanese Division under Lieut.-General Kawaguchi stationed in Korea.

It is learned that among the fresh reinforcements recently arriving in North China from Japan were a part of troops belonging to the 1st Division and Tokyo Garrison Division.

Japanese reinforcements continued to arrive in the Peiping-Tientsin sector July 17 despite the peace negotiations in Tientsin. 1,000 Japanese soldiers were stationed at Peitsang, north of Tientsin, Along Peiping-Tientsin section of the Peiping-Liaoning Railway.

About 12,000 Japanese Troops in Peiping-Tientsin Area

The number of Japanese troops stationed at Tientsin, Fengtai, Tungchow, Peiping and in districts along the Peiping-Tientsin Railway totals about 12,000, according to an estimate by well-informed circles quoted by *Central News* July 17.

Peiping-Liaoning Railway authorities July 17 reported continued Japanese troop concentration at Shanhaikwan. Twenty trains were said to be ready to rush Japanese reinforcements south.

Nine hundred Japanese troops arrived in Tientsin July 18.

Japanese naval authorities in Shanghai July 19 denied a Chinese report that Japanese warships of the Yangtze patrol had been concentrated off Woosung.

Japanese Troops Dig Trenches Along Railway Tracks in Tientsin

Ignoring protests of the Managing-Directors of the Tientsin-Pukow and Peiping-Liaoning Railway Administrations, Japanese troops July 15 began to dig trenches along the railroad tracks at the Central and East Stations in Tientsin. Japanese troop reinforcements from Manchuria continued to pour into Tientsin. Part of the reinforcements, coming with five carloads of munitions, were billetted at the Japanese Kung Ta Cotton Mill near the railway station.

A trainload of coal, sleepers, and other railway materials of Japanese troops arrived in Tientsin, July 16. Meanwhile 13 military lorries fully loaded with Japanese soldiers took the Tientsin-Peiping highway that morning for Fengtai.

The number of Japanese military planes at the West Arsenal airdrome remained at 33, which were thoroughly inspected in the morning. Three of them took off and flew in a westerly direction presumably on a reconnaissance flight.

Japanese Land 300 Army Planes at Tientsin

Three hundred Japanese army planes, 100,000 gas masks and 200 motor bicycles are being transported from Japan to Tientsin for emergency use, according to a report reaching Nanking July 19.

Fengtai Becomes Active Base for Japanese

Fengtai, the junction of the Peiping-Liaoning and Peiping-Hankow Railways, have been converted into an active base of operations for the Japanese troops. A tract of farm land 500 mow in area at Tayao, east of Fengtai, was commandeered by the Japanese troops for an airdrome.

Heavy concentration of Japanese troops were in progress July 14 at Chinchow, outside the Great Wall, where they were awaiting for orders to march into Shanhaikwan. About 60 Japanese military planes were held in readiness at the Chinchow airdrome for immediate departure for Tientsin.

Matsuoka Confers with Kwantung Army

Yosuke Matsuoka, President of the South Manchuria Railway Company, arrived in Hsinking July 17 to confer with the leaders of the Kwantung Army on concrete measures for co-operation between the concern and the military in the current Sino-Japanese crisis.

High Japanese Officers Visit "Front"

Two high Japanese military officers, Major-Gen. Tetsuzo Nakajima and Col. Kaneshiro Shibayama, who arrived by air from Tokyo July 16, spent the day visiting the Japanese detachment in Fengtai.

Japan Riding Clubs Told to Have Supply of Horses

Riding Clubs throughout Japan were instructed July 18 by the Japan Equestrian Society to prepare a sufficient supply of horses that could be used by the Army, "should need arise."

Manchurian Cavalry Advance Into North China

According to Chinese reports received in Peiping, July 19 four Manchurian cavalary brigades have been ordered to advance into North Chahar, which is under Manchukuo control.

Japanese Troops Pour Into Tsingtao

Japanese troops were pouring into Tsingtao July 19 by way of the Kiaochow-Tsinan Railway.

Eight refuges, where Japanese residents will be rushed in case of emergency, were designated by the Japanese Residents' Corporation in Tsingtao, July 29. Preprations were also completed to house 700 Japanese women and children from Tsinan. More than 300 refugees from Tsinan and points along the

Kioatsi railway arrived in Tsingtao duringlast week. Uneasiness among the Japanese in Tsingtao increased this week with reports that Salt Revenue Guards stationed in Shantung were assuming an increasingly anti-Japanese attitude.

Japanese Civilians Gather in Tsingtao

A stream of Japanese residents from points along the Kiaochow-Tsinan Railway continued to arrive in Tsingtao upon evacuation orders from the Japanese authorities during the week. However, despite the general tension in the North, Tsingtao proceeded calmly with measures for maintaining peace and order under the guidance of Admiral Shen Hung-lieh, the Mayor.

Tsingtao to Resist?

Orders to "resist Japanese aggression and to protect fully Chinese sovereign rights" were received July 15 by Admiral Shen Hung-lieh, Mayor of Tsingtao, from General Ho Ying-chin, War Minister. Admiral Shen immediately convoked a meeting of his military subordinates at which it was decided to mobilize the Paoantui, numbering about 2,000 men, the Third Chinese Fleet and the Salt Revenue Guards for fighting Japan, "should this course be deemed necessary."

Japanese and Koreans Disguised as Tourists Seek to Create Disturbances in Interior

Many Japanese and Korean secret agents, disguised as "tourists," are extremely active along the Tientsin-Pukow, Lunghai and Peiping-Hankow Railways, a *Central News* message from Hsuchow July 19 stated. Seeking to spy into military secrets and to buy over "traitors" to create local disturbances, scores of them arrived at Hsuchow, Chengchow and Lienyun Harbor during last week.

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Japanese Insist on Censoring Letters in Chinese Post Office at Tientsin

Four Japanese gendarmes, one dressed in uniform and the other three in plain clothes, called at the Hopei Postal Administration in the former Russian Concession in Tientsin at 4 p.m. July 18. They demanded the right of despatching censors for the censorship of all mails. This was flatly rejected by Huang Chia-te, the District Deputy Commissioner. While the discussion was in progress, the gendarmes were joined by two Japanese and five Chinese. Finally, the Japanese walked into the sorters' room without the consent of the Postal authorities, but did not touch the mail matter. The Hopei Postal Administration thereupen telegraphed to the Ministry of Communications and the Directorate-General of Posts for instructions.

Japanese Break into Post Office, Demand Inspection of Letters

A group of Japanese gendarmes, acting on orders from Headquarters, went to the Hopei District Head Post Office July 18 and demanded the opening and inspection of all mail matters handled by the office.

The Japanese gendarmes ignored the refusal of the postal authorities, stating they had to do what they were ordered.

CHINESE PRESS COMMENT

"Peace or War" Depends on Japan, Says "Central Daily News" in Nanking

In a leading article July 17 entitled "Peace or War?," the official *Central Daily News* warned belligerent Japan to immedately and unconditionally withdraw her troops from North China in order to avert a possible war which China is making every effort to prevent. China's diplomacy, the journal stated, aims at internal unity and external peace.

If, the journal argued, Japan is sincere in her wish not to further aggravate the situation, there is no other way out of the present crisis except unconditional withdrawal of her troops. China, in the opinion of the editorial, has definitely decided against accepting any unreasonable Japanese demands.

Although peace-loving China, it concluded, will fight to the last man once all hopes for peace are crushed, it is now entirely up to Japan whether there shall be peace or war in the Far East.

"China Evening News" Says Hopei-Chahar Council Should Ask Nanking for Reinforcements

Commenting on the negotiations in Tientsin, the *China Evening News* in an editorial July 16, mentioning that the Hopei-Chahar Political Council is located in Peiping, "Why should the negotiations be held in Tientsin?"

"While Japan invades out territory with all its forces, China is meeting the situation only by local military forces. The Hopei-Chahar Political Council should stop the mysterious negotiations immediately and ask for reenforcements from the Central Government or ask the Central Government to send high officials to negotiate with the Japanese. The business of the Hopei-Chahar Political Couucil at the present moment is to mass their troops and be prepared to resist under the instructions of the Central Government. Gen. Sung Cheh-yuan is a military man. He should not give up military force and try to settle the case by negotiations."

"Tah Kung Pao" Says China Is Ready for Self-Defence

Describing the North China crisis as unprecedented in the last 100 years, the *Tah Kung Pao* July 17 urged that the public opinion in the world be rallied to prevent a major calamity in the Far East. Since the occurrence of the Lukouchiao incident, the journal asserted, the Chinese Government has been exerting great efforts for peace and not for war. But the increase of troops in North China by Japan has aggravated the situation. Pointing out that the Central and local governments are in complete accord in their policy toward Japan, the paper said that China is ready for self-defence in case Japan should exert further pressure on her.

"Lih Pao" Urges "Blow for Blow"

Contending that China should follow the spirit of the Soviet Union in its national upbuilding, an editorial article, in the *Lih Pao* July 16, said: "'Blow for blow' is the golden rule for national upbuilding; without observance of which, no state can stand in this world. We have frequently heard of the term 'resistance.' 'Resistance' is far better than 'non-resistance'; however, it is, as yet, not a perfect policy to be adopted. It seems not so strong to say that we should resist the attacker. We should prefer to say 'blow for blow,' which sounds stronger. Therefore, while high tension is prevailing among our soldiers and fellow nationals, we should entertain a decision of 'blow for blow.' Since other people attack us, we should counter-attack them, instead of only resisting them."

Chinese Press Questions Japan's Sincerity

Japan's peace overtures, accompanied by intensive troop mobilization, were greeted by the Chinese press of Shanghai and Nanking July 16 with extreme doubt in editorials commenting on the latest developments in North China.

Leading vernaculars in the two cities also expressed indignation over the charge made by General Sugiyama, Japanese War Minister, against China in a recent statement.

In an editorial entitled "Where Is Japan's Sincerity?," the Shanghai *Ta Kung Pao* interpreted General Sugiyama's remarks made before the Japanese Prefectural Governors as Japan's unfavorable disposition towards China's efforts to rebuild herself.

Such an attitude, the *Ta Kung Pao* stated, was reflected in the fact that any regeneration movement launched by China was always "condemned" as anti-Japanese.

"Japan's insincerity in working for a peaceful settlement of the North China incident," the journal stated, "has been borne out by her troop mobilization and summoning of her reservists to arms."

Japanese Use Peace Talks to Gain Time for Arrival of Reinforcements

A Tientsin message to the *Hwa Mei Wan Pao* July 15 said: "All the peace talks of the Japanese representatives are attempts to gain time for the arrival of Japanese reinforcements. It is reported that a comprehensive plan has been laid down for the forceful occupation of Hopei province. The plan provides: (1) the defeat of the 29th army in Nanyuan so as to occupy the military headquarters of the 29th Army, (2) that the 29th army men will be driven out of Hopei province, (3) that a new government will be established in Peiping for Hopei province and the expansion of the bogus East Hopei regime as a substitute for the Hopei-Chahar Political Council."

Japan Has No Right to Oppose Patriotic Ideas of Chinese

Commenting on the same subject, the Shanghai *Sin Wan Pao* failed to see how Japan could attack China for teaching patriotic ideas to her soldiers and citizens.

"Is not this the natural course for any government to take?," queried the journal.

Japan, the journal continued, has long told the world that she entertains no ambition of invasion into China, yet such professed "peaceful objective" is often betrayed by actual fact.

Whenever Japan fails in her designs in this country, the daily added, she inevitably turns round and accuses China of having committed "outrageous acts."

Japan's insincerity was also hit by the Nanking *New Capital Daily*, which said that China desires peace, but the situation has been threatened by Japan's refusal to withdraw her troops and by the continuous inflow of reinforcements.

Dr. H. H. Kung Explains Japan's Premeditated Objective in New York Interview

Japanese troops were obviously following a premeditated plan to achieve a definite objective when they sent soldiers to maneuver near Marco Polo Bridge, where the Japanese army has no right, real or imaginary, to maneuver, Dr. H. H. Kung, Vice-President of China's Executive Yuan an Minister of Finance, told New York newsmen in an interview July 13 on the Sino-Japanese situation.

"Even casual study of the map," he said, "will show that control of Fengtai and the Marco Polo Bridge regions means control of two rail communications between Peiping and the North on one hand and Central China on the other. The objective of the Japanese military is thus quite clear. Nobody, therefore, I hope, will take seriously the lengthy statements of explanation and justification which the Japanese propagandist machines are grinding out daily for the world."

JAPANESE PRESS COMMENT

"Shanghai Mainchi" Says Resistance Will Lead to Total Collapse of Nanking Government

Declaring that resistance against Japan will lead to the total collapse of the Nanking Government, the *Shanghai Mainichi* in a leading editorial July 17 said: The Nanking Government has not sufficient strength for a war of resistance against Japan.

"The reasons underlying the fact that the Nanking Government is unable to fight Japan are as follows: (1) Nobody is able to draw a decisive conclusion with regard to the cooperation between the Communists and the Nanking Government in this connection. Were the Nanking Government to utilize this chance to readjust the Red Army units through the military efforts of Japan, the Communists, who have learned a lesson from the great revolution in 1925-7, will not observe the orders of the Nanking Government."

"(2) The outbreak of the Lukouchiao incident has hampered the military readjustment of Szechuen and Siking, and, during forthcoming resistance against Japan, the most powerful internal enemy of the Nanking Government is Kwangsi."

Resistance against Japan will, by no means, strengthen national unification in China. At any rate, it is, as yet, too early to entertain an optismistic view of the North China incident. General Chiang Kai-shek will realize his own weakness, but it is regrettable that he has now only discovered the weakness of his enemy while ignoring his own weakness. Therein lies a danger leading to the aggravation of the present situation."

Communists Seize Kuomintang, Says "Shanghai Nippo"

Ten years of strenuous efforts to establish the Kuomintang administration have been brought to naught by the "capture of the Kuomintang by the Communists," the *Shanghai Nippo* said July 17. "When the reports of a Kuomintang-Communist rapprochement first gained currency," the daily declared, "we warned Nanking of the certain consequences of this step. Our warning was not heeded.

"Nanking's accord with the Reds can no longer be denied now. It has been proved by the negotiations between Chang Kai-shek of the Kuomintang, and Chou En-lai, of the Communist Party, following the Sian incident, by the current closeness between the two organizations, and by the termination of the anti-Communist hunt by the Central Government."

"Osaka Jiji" Says Peaceful Settlement Impossible

The *Osaka Jiji* July 15 summed up the situation as follows: "Now it has become clear that a peaceful settlement is impossible. The Government thinks it absolutely necessary to enforce Japan's just claims by an appeal to armed force."

The Tokyo *Nichi-Nichi*, one of Japan's leading dailies July 17, predicted that the Japanese Government would soon make "a final gesture" for a peaceful settlement of the situation in North China. The Japanese overture, the newspaper continued, would be based on the principle of the "localization and non-aggravation" of the incident.

The *Nichi-Nichi* incidentally declared in its editorial columns that the time was already past "for questioning China's sincerity which has failed to pass the test in the last 10 years.

"China is playing for time," the paper asserted. "Therefore, there is no alternative left for Japan but to take a prompt and decisive measure in either way so as to establish peace in the Far East." Reports from China that the so-called "war party" was gaining the upper hand in Nanking, coupled with dispatches from Tientsin quoting an announcement of the Hopei-Chahar Council to the effect that there was no fresh development in the Tientsin negotiations in sight, served in stiffening Japanese opinion, the *Nichi Nichi* said.

FOREIGN PRESS COMMENT

New York "Times" Says Japan Is Working at Cross Purposes with the World

Denouncing the Japanese in North China, the *New York Times* July 13 reveals how the Tokyo Government was working at cross purposes with the world. Beginning by quoting Prince Konoye's statement, "what our friends have to remember is that we Japanese do things in a Japanese way," the article said that this injunction by the newly appointed Japanese premier, which was addressed through the *Times* correspondent in Tokyo to the American people, was deprived of its intended meaning and given an ironic twist, even before its publication in New York, by Japan's latest actions in China.

"The renewal of Japan's imperious demands for large political concessions following the clash last Wednesday between Chinese and Japanese troops west of Peiping—where Japanese soldiers had neither legal nor moral right to be—has raised again in the minds of Americans questions posed in 1931 by the conquest of Manchuria. Are Japanese ambitions for hegemony over the Asiatic mainland consistent with a unified, independent China? Are the Japanese military determined to utilize even relatively minor incidents to inflame the Japanese people to support step by step realization of those ambitions?

"That similar questions are in the minds of Britons," the *Times* editorial continued, "is indicated by Foreign Secretary Eden's statement in the House of Commons."

German Press Gave North China Situation Much Prominence

The fighting in North China was given prominence in the German press. Without any attempt to disguise the seriousness of the situation, Germany is evidently determined to observe impartiality and the communiques of both sides were published objectively. The *Boersen-Zeitung*, in an editorial, July 11 ascribed the immediate cause of hostilities to frayed nerves because of the heat, but says that a deeper source is the dissentient attitude of the people and army in North China towards Japan. Such conflicts, the newspaper adds, are always settled by compromise and this time a peaceful outcome depends on neither side bending the bow too tensely.

General Chiang Kai-shek, the *Frankfurter Zeitung*, commented, has changed the Chinese soldier from a melancholy figure with a sunshade to a sturdy soldier. The Generalissimo's arm, however, has not yet reached the outlying districts.

London City Little Disturbed

A *Reuter* message from London July 12 said the City was taking the latest developments in the Far Eastern situation quietly. Because of the absence of buyers there had been some precautionary marking down of prices, but there was no pressure to sell.

Encouraged by the steadiness in Shanghai, Chinese bonds were only fractionally lower, but Japanese bonds declined more sharply owing to the difficulties in effecting arbitrage with Tokyo as a result of Japanese currency restrictions.

The City hopes and believes that an agreement will be reached in the near future. It considers the greatest danger to be an outburst of anti-Japanese feeling in China which might lead to a boycott of Japanese goods which, in turn, might cause retaliatory measures by Japan.

Paris Takes Serious View of Fighting in North China

A very serious view of the fighting in North China is taken by the press in Paris. Following the creation of Manchukuo, the *Petit Journal* said, the Japanese Cabinet decided to make a second attempt to dismember China. For reasons of prestige, Nanking cannot allow North China to negotiate with the Japanese on the sovereignty of the richest provinces of the Republic. *Le Jour* points out that the Japanese have been taking numerous measures to secure military supremacy in the North. The situation has its genesis, asserts *Le Populaire*, in the disquiet with which the Japanese Cabinet views the growing influence of Nanking in North China.

France's Concern Over North China Situation

The deep concern of the French Government over the North China situation was conveyed to Hsu Mo, Vice Minister of Foreign Affairs, by M. Colin, Secretary of the French Embassy, in an interview in Nanking July 19. M. Colin also enquired about the latest development in the Sino-Japanese dispute.

Leading British Paper in Shanghai Places Blame on Japan

The *North China Daily News* in an editorial July 20 said that if Japan's decision is for war there will be no doubt as to what world opinion will say. No impartial observer could fail to recognize where the provocation really lay. It mattered little which side fired the first shot at the Marco Polo Bridge. "It is as immaterial, and irrelevant," said the *N. C. D. N.* "as the protestations which have invoked the Boxer Protocols or those shadowy agreements designed like the Protocols to deal with specific and strictly limited situations."

Moscow "Pradva" Says Japan's Action Gives Rise to Serious New Menace to World's Peace

Moscow *Pravda* commented July 18: "The clash between the Japanese and Chinese troops, provoked by the Japanese militarists in the Province of Hopei, threatens to turn into a big armed conflict. The situation in North China can be utilized by the Japanese militarists for other adventures also. This gives rise to a serious new menace to the cause of universal peace."

Foreign Secretary Eden Refers to Japan's Economic Difficulties

Murmurs of "Pro-Japanese" rose from the Opposition benches in the House of Commons July 19 as Anthony Eden, Foreign Secretary, referred to the "economic difficulties" of Japan in the course of a debate on foreign affairs. Mr. Eden's reference to his attempts to improve Anglo-Japanese relations were received with approval by the House, a *Domei* message said. Diplomatic observers professed to perceive in a section of the Foreign Secretary's address a tendency of the British Government not favoring a local settlement of the Lukouchiao incident because such "patching-up" tactics tended to create new sources of complications.

London "Morning Post" Says Japan Can Defeat China, But Not Conquer Her

The London *Morning Post* in an editorial July 20 said: "We cannot believe that face may not be saved without recourse to a war which would profit nobody. "Japan may defeat China, the newspaper declared," but she cannot conquer her. China may resist Japan, but she will be terribly weakened by the effort."

Viscount Cranborne, British Under Secretary of State for Foreign Affairs, declared July 19 during the course of debate, that "so far as we know neither the Japanese nor the Chinese Government wish to resort to the dreadful arbitrament of war."

China Issues Memorandum on Japanese Threat in North China

A memorandum from the Chinese Government, setting forth "the circumstances of the present threat from Japan in North China," was presented to the United States by the Chinese Ambassador, Dr. C.T. Wang, when he called on the Secretary of State, Cordell Hull, in Washington, July 16 to exchange information on the Far Eastern situation. A similar communication was made to all other signatories of the Nine-Power Treaty, apart from Japan, as well as to Russia and Germany. Quo Tai-chi, the Chinese Ambassador in London, personally called on the British Foreign Secretary, Anthony Eden, to present the document.

The sudden attack on Lukouchiao and the Japanese invasion of North China, the memorandum declared, is a clear violation of China's sovereignty and is contrary to the Nine-Power Treaty and the Covenant of the League of Nations.

The crisis, if permitted to take its own course, will not only immediately disturb the peace of East Asia but may entail unforeseen consequences to the rest of the world.

While China is obliged to employ all means to defend her territory and national honor to the end of her existence, the memorandum added, she is ready to settle differences with Japan by any pacific means known to international law and treaties.

Following his conversation with Mr. Hull, Dr. Wang said he had discussed "China's plea to the United States and other signatories of the Nine-Power Treaty to take action on the Far Eastern crisis."

The Charge d'Affaires of the Japanese Embassy also visited Mr. Hull July 16 after which Y. Suma, formerly Consul-General in Nanking, told newspapermen that he had explained to the American Secretary of State "my Government's firmness of intentions in North China."

Asked whether he planned to reassure Mr. Hull that the Japanese Government had no plans of acquiring new territory in China, Mr. Suma replied: "That goes without saying."

Senator Key Pittman, Chairman of the Foreign Relations Committee of the Senate, expressed the opinion that the United States should act in concert with other signatories of the Nine-Power Treaty. "In view of its experience under the treaty in the past," he said, "I do not think the United States Government is called upon to discuss separately or singly with Japan and China regarding matters threatening China."

The United States in 1931, he proceeded, sent a strongly-worded Note to Japan drawing attention to China's territorial integrity. However, he declared, "England did not co-operate fully. She sent a message to Japan asking if the latter intended to maintain the Open Door in China, to which Japan replied in the affirmative.

"Sir John Simon (British Foreign Secretary at the time) then told the House of Commons that England was not going to become involved in the Far Eastern situation."

Recalling Japan's reply in 1931, which among other things stated that she was sending troops to China to protect life and property and that she was not violating the Nine-Power Treaty, Mr. Pittman explained that the Treaty authorized China, as a signatory, to invoke "a full and frank communication" between the contracting parties whenever violation was threatened. He was, therefore, uncertain whether Dr. Wang's memorandum to Mr. Hull constituted a formal invocation of the Treaty. Asked whether the Neutrality Act might pertain to China and Japan, Senator Pittman replied: "Not yet."

China, it was explained in Nanking July 17, has not formally invoked the Nine-Power Treaty. She has merely delivered a memorandum to the Powers interested in the Far East explaining the situation in North China and her firm intention to defend her territorial and administrative integrity.

Secretary of State Hull in Formal Statement Urges Faithful Observance of International Treaties

A formal statement was issued in Washington, July 17, following an interview between Dr. C. T. Wang, the Chinese Ambassador in Washington, and Cordell Hull, the Secretary of State. In the statement Mr. Hull said "we advocate national and international restraint and abstinence, by all nations, from the use of force as a political instrument and from interference in the internal affairs of other nations.

"We advocate the faithful observance of international treaties."

Mr. Hull did not mention either China or Japan directly, but stated that any situation in which armed hostilities were going on, or threatened, was a situation in which the rights and interests of all nations were likely to be seriously affected.

American belief in disarmament was also stressed in the statement, but Mr. Hull said that the United States was prepared to reduce or increase her armed forces in proportion to the reductions or increases made by other countries.

This was believed to be the first official statement in recent years that the United States might, in certain contingencies, increase her armaments.

Secretary Hull Has Similar Problem to That of Col. H. L. Stimson Six Years Ago

Cordell Hull, U. S. secretary of state, finds himself very much in the same unenviable position today as was Henry L. Stimson almost six years ago, an article in the *Shanghai Evening Post* July 17 pointed out. With the eyes of the world again turned on the Far East as Sino-Japanese tension increases in North China, the American State Department is again faced with the problem of what to do about it, if anything. Efforts at conciliation in the Manchurian crisis in the fall of 1931 are pertinent today, and are vividly described, in detail, by Mr. Stimson in his recent book "The Far Eastern Crisis," which created a great stir in China and Japan a few months ago when it first appeared. A very similar state of affairs existed then as now.

After the initial trouble in Mukden on September 18, 1931, the U.S. State Department watched the seizure of the Three Eastern Provinces by Japanese troops. China appealed to the League of Nations on September 21, and the same day Sir Eric Drummond sent a note to Mr. Stimson to sound him out as to whether the Kellog-Briand Pact was involved. The League was sending a note to both China and Japan on the matter and a commission to the East.

A conference in which America participated was held at Geneva October 17 and it was decided that all League members and America should call attention of the Chinese and Japanese to the obligations of the Kellog-Briand Pact. The U. S. sent its notes October 20. But the fighting in Manchuria went on just the same. The American press and people were greatly interested and followed events carefully.

"We were approaching a time when, willy nilly, there would be a showdown between the lawabiding elements of the world and the law-defying elements represented by the Japanese army," Mr. Stimson says. He had a long conference with the Japanese ambassador, pointing out America's stand on the aggression, and declaring that he would make public all correspondence on the subject between Japan and the U.S.

General Ma was defeated. The Minseito government made several efforts to exert its authority over the army and stop the campaign, but was unsuccessful, and resigned in December, General Honjo ruled he roost.

"Some critics have blamed the nations for not at once setting in motion stronger machinery of compulsion against Japan," writes Mr. Stimson, "for not having at once invoked the pressure of economic sanctions. These critics disregard the limitations of man in international action . . . Thus the efforts at conciliation faded away, leaving only two definite constructive accomplishments."

Early in January, 1932, the U.S. government sent a note to Japan and China presenting its view that any de facto situation in the Far East could not be recognized as legal. Copies were sent to the Nine Power Treaty signatories. The British reaction, says Mr. Stimson, was disappointing. A communique was published in the British press which was taken as a rebuff to the U.S. It said Britain didn't feel it necessary to address a similar note to Japan because the Japanese had said that they would adhere to the Open Door policy. It said nothing about preservation of the sovereignty, independence and integrity of China. Britain gave the U.S. no support in this important proposal, and the *Times* commented that China lacked "administrative integrity."

"I was well acquainted with the attitude of mind toward China which had been reflected in the editorial of the *London Times*," writes Mr. Stimson. "It was the typical attitude of the "Old Timer," sometimes also spoken of as the "Old China Hand," a man who has spent his life in residence and in business in the Far East and who has imbibed an attitude toward the native populations of that region which is quite common among such men. The "Old Timer" is also a familiar figure in the Philippines and during my stay there I had on more than one occasion checked up my own observations of his peculiarities with the similar observations of my British colleague at Hongkong."

Japan Defends Dispatch of Troops to North China on Ground of "Self Defense"

Ascribing the present critical Sino-Japanese situation to the Nanking Government's "interference with a local agreement, coupled with the continuous dispatch of Central forces to the north," the Tokyo Foreign Office at 1.30 a.m. July 20 urged the reconsideration by the Chinese government of its attitude.

Japan's dispatch of troops to North China was defended on the grounds of self-defense, the Foreign Office arguing that the concentration of a Chinese army "more than 200,000 strong," constituted a "grave danger" to Japanese residents in North China and to the small Japanese garrisons in the area.

"Ta Kung Pao" Hopes Japan Understands China's Stand as Indicated by Chiang

Hope that Japan would realize China'a stand as clarified by Generalissimo Chiang Kai-shek in his Kuling speech was expressed by the *Ta Kung Pao* in a leading article July 20.

General Chiang Kai-shek Insists That China's Territorial Integrity Shall Not Be Infringed

IN a speech to the assembled educational and technical leaders gathered at Kuling, General Chiang Kai-shek made a statement on China's relations with Japan on July 19 in which he laid down the four following points as showing China's stand:

(1).—Any kind of settlement must not infringe upon the territorial integrity and the sovereign rights of our nation.

(2).—The status of the Hopei-Charhar Political Council is fixed by the Central Government; we should not allow any illegal alteration.

(3).—We will not agree to the removal by outside pressure of those local officials appointed by the Central Government, such as the Chairman of the Hopei-Charhar Political Council.

(4).—We will not allow any restriction being placed upon the positions now held by the 29th Army.

"These four points," said General Chiang, "constitute the minimum conditions possible as a basis for negotiation for any nation, no matter how weak it may be. And if the opposite side will place herself in our position and have due regard for maintaining peace in the Far East and does not desire to force China and Japan into hostilities and to make them enemies forever they will realize that these conditions are the minimum that can be considered."

The following is General Chiang's speech in full:

"When China was carrying out its cardinal policy of maintaining external peace and internal unity the Lukouchiao incident suddenly broke out, throwing the nation into a state of profound indignation and causing great concern to the whole world. The consequences of this incident threatened the very existence of China and the peace of East Asia. At this juncture, in answer to the many inquiries, I wish to state the following:

China's Efforts Have Been Directed Toward National Reconstruction

1.—The Chinese race has always been peace-loving. The internal policy of the National Government has always been directed towards maintaining internal unity and, in our foreign relations, mutual respect and co-existence with other nations. In February of this year, at the Plenary Session, a manifesto was issued in which these points were clearly emphasized. For the last two years, as actual facts show, the National Government, in its policy towards Japan, has constantly sought to confine all pending problems to proper, recognized channels of diplomacy so that just settlements could be reached. Our people should understand our national position. We must realize our own position. As people of a weak nation we should evaluate justly the degree of our own strength. For the past few years we have bent all our efforts towards patient endeavors to ensure peace in the face of grave difficulties and grievous pain so that we may achieve national reconstruction. For this reason in my report on foreign affairs at the Fifth Plenary Session the year before last, I stated that "while there is the slightest hope for peace we will not abandon it; so long as we have not reached the limit of endurance we will not talk lightly of sacrifice;" and the subsequent explanation at the Central Executive Session shows beyond cavil our anxiety to maintain peace. But although a weak country, if unfortunately we should have reached that last limit, then there is only one thing to do, that is to throw the last ounce of energy of our nation into the struggle for national existence. And when that is done neither time nor circumstance will permit our stopping midway to seek peace. We should realize that to seek peace after war has once begun means that the terms would be such that the subjugation of our nation and the complete annihilation of our race would be encompassed. Let our people realize to the full the meaning of "the limit of endurance" and the extent of sacrifice thereby involved, for once that stage is reached we have to sacrifice and fight to the bitter end, though with always the expectancy of eventual victory. Should we hesitate, however, and vainly hope for temporary safety, then we shall perish forever.

China's Limit of Endurance Has About Been Reached

"2.—There may be people who imagine that the Lukouchiao incident was a sudden and unpremeditated step. But, already a month ago, there were symptoms that an incident would ensue because of the statements from the other side, made both through their press, and directly and indirectly through diplomatic channels. Besides, before and after the incident we received news from various sources to the effect that the opposite side were aiming to expand the Tangku Agreement; enlarge the bogus "East Hopei Government;" drive out the 29th Army; force out General Sung Cheh-yuan, and try to impose similar other demands. From the above it can easily be seen that the Lukouchiao incident is not a sudden and accidental development. From this incident we must realize that the other side have a very definite purpose towards us and that peace is not to be easily secured. According to our reports the only way by which the Lukouchiao incident could have been avoided was to allow foreign armies to come and go freely within our territory without limitation while our own army must abide by imposed restrictions upon its movements, or to allow others to fire upon our soldiers and for us not to return fire. Any country in the world that has the least self-respect could not possibly accept such humilitaion. The four North-eastern provinces have already been lost to us for six years; following that there was the Tangku Agreement, and now the point of conflict—Lukouchiao—has reached the very gates of Peiping. If we allow Lukouchiao to be occupied by force then the result will be that our ancient capital of 500 years, and the political, cultural and strategic centre of our entire North would be lost. The Peiping of to-day would then become a second Mukden; the Hopei and Chahar Provinces would share the fate of the four North-eastern provinces. If Peiping could become a second Mukden what is there to prevent Nanking from becoming a second Peiping? The safety of Lukouchiao therefore is a problem involving the existence of the nation as a whole, and whether it can be amicably settled comes within the comprehension of our term "the limit of endurance." If finally we reach the stage where it is impossible to avoid the inevitable then we cannot otherwise than resist and be prepared for the supreme sacrifice. This resistance is forced upon us; we are not seeking war, we are meeting attacks upon our existence.

"We Must Fight to the Bitter End and Not Lose Another Inch"

"Our people must realize that to-day the Central Government is in the midst of preparing measures to defend ourselves. Weak nation as we are we cannot neglect to uphold the integrity of our race and ensure the very existence of our nation. It is impossible for us not to safeguard to our utmost the heritage of our forefathers, a duty which we must fulfill to the utmost. Let us realize, however, that once war has begun there is no looking backward, we must fight to the bitter end. If we allow one inch more of our territory to be lost then we would be guilty of committing an unpardonable offence against our race. What would be left to us other than to throw every resource of our nation into a struggle for final victory?

"3.—At this solemn moment Japan will have to decide whether the Lukouchiao incident will result in a major war between China and Japan. Whether or not there is the least vestige of any hope for peace between China and Japan depends upon the action of the Japanese Army. Even at the very last second before we abandon all hope of peace we would still be hoping for peace, we would still be seeking a solution through proper diplomatic channels.

(It was at this point that General Chiang laid down the four points which appear in the introduction.)

"To sum up, during the Lukouchiao crisis the Central Government, in ensuring the very existence of our nation, has taken a clear, unequivocal stand. But let us realize we are one nation. We seek for peace, but we do not seek for peace at any cost. We do not want war but we may be forced to defend ourselves. During this grave crisis the Government may be counted upon to guide the nation with calmness and restraint, the people likewise must show show sobriety and discipline. In discharging our obligations to our race let there be no distinction between North and South, age or youth, but let all implicitly and with iron discipline follow the guidance of the Government.

I hope you gentlemen will explain what I have said to all those you meet so that they will understand the situation and appreciate our policy."

Chinese Press and Public Support General Chiang's Stand

Gen. Chiang Kai-hsek's statement was given the premier position in all the Chinese papers July 19. Chinese circles were unanimous in their praise and support of the Generalissimo's stand which also received enthusiastic and hearty endorsement in editorial articles in the Chinese press.

America's Conflicting Policies in the Far East

BY C. Y. W. MENG 孟昭泳

EVER since the bombardment of the City of Mukden on the fatal night of Sept. 18, 1931, we, the Chinese, have always been wondering "What is the American policy in the Far East?" and "What should be the American policy in the Far East?". Apparently, up to the present time, the Americans have not answered our questions; and in fact, at present, we can only say that the American policy in the Far East is in the making, but is not yet definite.

Unlike his predecessor (Col. Stimson) who, in his public speeches, always lost no time in launching verbal attacks on the aggressor, Mr. Hull, Secretary of State, is most reticent on the Sino-Japanese situation. But in a country where Democracy rules, we can always find the course of action by a study of public opinion. The Chinese have been studying American public opinion regarding the critical situation in the Far East, and have concluded that the present American public opinion is by no means unanimous, and the American policy is most conflicting.

During the former (Hoover) administration, we witnessed:

1. Assumption of the leadership by the United States in the application of peace pacts to the Pacific by calling the attention of China and Japan to their obligations under the Nine-Power Treaty and the Anti-War Pact and by cooperation with the Council of the League of Nations, including the approval of the findings of the Lytton Commission.

2. Formulation of the Stimson Doctrine, providing for the non-recognition of governments established in violation of treaties of peace.

But during the present administration, we witness:

1. Granting independence to the Philippines, under an arrangement leading to complete political separation after a ten-year waiting period.

2. Relaxation of the non-recognition doctrine and its implications.

3. Mild affirmation of the Anti-War Pact with little reference to Japan, and a seeming rejection of the Stimson interpretation of the pact.

4. Little protest against alleged Japanese violation of the integrity of China, by means of territorial arrangements adverse to China.

5. Little protest against Japan's monopoly of trade in the Chinese areas under her influence or control.

So, during this brief period of six years, there is a marked difference in the American policy in the Far East, or, as the Americans themselves call it "marked retreat!" (see "U.S. Responsibility for Peace" by Charles E. Martin in the June issue of *Amerasia* Magazine, p. 181).

"Withdrawal from the Far East"

Recently, there were editorial references in *The Review* (March 13, 1937) to the writing of Frederick Moore, long an employee of the Japanese Foreign Office and Willard DeMille Price, also a resident of Tokyo, both of whom advised the American authorities to withdraw from China. They use the argument that the sales of American goods in China amounting to some U.S. $40,000,000 a year did not produce a sufficient profit to cover the cost of American armed forces stationed in China, presumbably for the protection of American merchants engaged in Sino-American trade. According to Price, "America never made a dollar out of China"; "the cost of maintaining military naval forces in China and in the Pacific has eaten up the profits," and "there was nothing for America to do but get out—it was not worth a war to remain." (see the February issue of *Asia Magazine*). Such opinion is as much entertained as opposed by the American public.

"Watchful Waiting"

The next category of American public opinion, as the Chinese can see it, is not exactly "withdrawal from China and Far East," but rather, "watchful waiting" for the present. Thus we note that Arthur G. Coons, another authority on Sino-American affairs, advises his government to adopt "a *Passive* Far Eastern Policy," but not an active or positive policy: In his article on "For a Passive Far Eastern Policy" in *Amerasia Magazine* (June issue, p. 168), the learned writer asks, "Is the traditional American Far Eastern policy adequate in the present situation?" He argued: "If we move forward with a determination to uphold the Open Door forcefully we shall be moving away from the passive and opportunistic part of our 'traditional' policy in support of equality of economic opportunity, territorial integrity, independence and complete sovereignty in China. If we now act positively we shall be taking a step further away from our earliest policy of noninterference but in line with many subsequent steps which have been 'interference.' On the other hand, this interference now will in all probability lead to 'intervention' whereas our policy for nearly forty years has been largely one of non-intervention. Interference now most likely means positive action, and that in turn most likely means war. Should we not then forsake this aspect of traditionalism when we see clearly to what end it will lead us?"

In his opinion the United States should not fight to uphold the Open Door in China or to preserve the territorial integrity of that country. His idea is that "the passive, temporizing and opportunistic policy is still the best policy if we want to avoid war. From many viewpoints our policy 'traditionally' has been just that."

Then, the writer admits that "the passive and opportunist policy is different from that of withdrawal only in degree. It may be 'watchful waiting'." Continuing, he said: ". . . . We deal with Japan as the leading Power of the Far East. We assume no chivalrous crusading attitude toward Far Eastern wrongs anywhere else. What is, is. We shall not seek by force of arms, or impliedly thereby, to change the situation. We deplore the threats to international order, law and stability occasioned by every violation of treaty agreement, or treaty abrogation without diplomatic effort, or trespass upon legal recognized rights of others. We deplore but we do not depart. . . . ." So he advises the American Government to "temporize, awaiting any one of a number of outcomes: (a) Japan may be internally restrained by several things—economic and political. (b) China may change in character internally more than we expect; (c) world Powers may change as to dominant political groups; (d) war may come to Europe or the Far East. Let our participation in war, if at all, be decided later and let us avoid now the possibility that there will be no alternatives in our choices. . . ."

Throughout the whole Sino-American history, possibly with the only exception of the "Soong-MacMurray Agreement" (T. V. Soong, then the Minister of Finance and John A. MacMurray, then American Minister to China) when the American Government took the lead to restore tariff autonomy to China, the United States has always adopted such a "passive, temporizing and opportunistic policy" in China. As a result, America has always followed the "footsteps" of the other imperialistic nations in claiming numerous special privileges in China, though, on the other hand, it claims to be the "best friend" of China; and America has scarcely taken any initiative to yield to the Chinese aspirations; and America never acts unless others have acted. But how long will such a "watchful waiting" policy last; will such policy prove only advantageous to the aggressor; will the aggressor ever listen to the peaceful "persuasion"? Mr. Coos does not make this quite clear to us.

"Active Policy"

But there is another category of the American public opinion which, to be brief, favors an "active policy," arising from "the United States responsibility for peace." Frederick V. Field, another authority on the Far Eastern affairs, in an article on "For an Active Far Eastern Policy" in *Amerasia Magazine* (May issue, p. 112) said: "It is frequently argued that the world in general, and more particularly the United States, are not ready for collective international action and that, consequently, it is premature to consider the sort of active policy this article advocates. There is much to be said for this as a realistic interpretation of the present status of public opinion, but in seeking solutions to international difficulties, or in seeking to maintain peace, that type of analysis does not get us very far. No constructive policy derives from it. It is completely defeatist in its conclusions, for it implies that in view of the situation it premises nothing much can be done about international threats to peace. It leads to the sort of hibernation from world affairs which, with public support, Congress is now legislating (meaning the Neutrality Bill)."

He says, "Some further pressure must be brought to bear on Japan to curb the aggression of the minority now in control of the government." He adds, "For imperialism is nourished by success and starved by failure. . . . In the present mood of the Japanese military, any gains abroad, even economic or diplomatic, can be used to advantage in strengthening their hold on the Japanese people. . . . . The immediate job is to frustrate Japanese imperialism and thus force its internal collapse for lack of nourishment abroad. . . . . Therefore, a prerequisite to the success of an active anti-war policy in the Far East is *cooperative action* with other countries that have the same general interest in the Far East situation." According to Mr. Field, such additional pressure "can be contributed by the anti-war nations, the United States, the British Commonwealth, the Soviet Union and France." In conclusion, he said: "...We are now too close to our neighbor's door to ignore his thoughts and actions. We have moved historically into a closely knit community of nations where developments inimical to the well-being of all must be jointly curbed by those representing the collective interest. To continue leading the American people to a course of action which ignores this development is worse than defeatist; it endangers our own welfare by permitting international lawlessness."

(*Continued on page 294*)

Japan Will Have to Issue More Bonds to Finance War

Yutaka Noda, staff writer of the *Tokyo Yomiuri*, July 12 commented that if the North China incident continues making serious developments, the Government will be compelled to strengthen its measures for the prevention of a flight of capital, strengthen exchange control, carry out trade control in general and restrict imports of non-urgent and non-necessary goods and in some cases even non-urgent materials, in order that the present rate of exchange may be maintained. There may develop a situation, the writer said, in which gold shipments are stopped and as one of the exchange measures an exchange equalization fund is established.

In connection with the strengthening of exchange and trade control there was a possibility of the present price rise being given a further impetus. An extraordinary military expenditure special account will be established for the North China Incident, and as the first step a reserve fund will be expended out of surplus money. Depending on the extent to which the incident develops, financial resources from bond issue will be relied on, and this will inevitably lead to an increase in bond issues.

Prominent Seiyukai Member Leaves Japan on World Tour

A self-appointed "private spokesman" for Japan, Ichiro Hatoyama, leading member of the Seiyukai political party, sailed from Kobe on July 19 on a world tour, he was accompanied by Joji Hayashi, another Seiyukai member, and Michio Hatoyama, nephew. The party is traveling to Europe on the s.s. Potsdam.

Stating that his trip had been "a plan of long standing," Hatoyama revealed that he had considered abandoning the tour because of the outbreak of the North China Incident.

"But upon consideration, I realized that this was the very time for me to go abroad and sound foreign opinion," he added.

Heavy Penalties Imposed in "Student Murder Case" in Japan

Judge Hajime Yoshida of the Tokyo District Court July 19 wrote finis to one of the most sensational trials in modern Japanese criminal annals. He pronounced sentence on an elderly man—a one-time medical practitioner—and his wife, who, with their daughter, were convicted of having slain their student son to collect Yen 66,000 in life insurance. Hiroshi Tokuda, 54, the father was sentenced to death. His wife, 48 years old, received a life term, while the daughter, Eiko, 22, will have to spend six years at hard labor.

Japanese Adverse Balance Exceeds Yen 700,000,000

Japan's adverse balance of trade from January 1 to July 20 exceeded Yen 700,000,000, according to an announcement issued by the Tokyo Finance Ministry. With imports for the last ten days reaching Yen 108,002,000 and exports valued at Yen 88,986,000, the unfavorable balance of trade for the ten-day period amounted to Yen 18,016,000.

Japanese Government Revalues Gold Reserves—Huge Inflation

Moving to forestall a possible fluctuation in the rate of the yen, the Japanese Government July 20 made public a scheme for the provisional revaluation of the gold reserves of the Bank of Japan. Legislative approval will be sought at the special session of the Diet opening on July 25.

The present gold reserves, totalling Yen 500,000,000 at the rate of Yen 1.33 per gram, will be revalued at Yen 1,312,000,000 at the rate of Yen 3.50 per gram. The revised rate is the equivalent of the present market quotation for gold less a 10 percent margin allowed for possible fluctuations.

Yangtsze River Rising on Account of Incessant Rains—Yellow River Also Rises

Incessant rains caused a sudden rise in the watermark of the upper reaches of the Yangtse River, registering 92 feet and 3 inches in the evening of July 17.

Further Rise in Yellow River

Further rise in the Huangho in Shantung was caused by heavy rainfalls the end of last week. The water mark of the Loho also rose to 30.73 meters July 18.

A report from Tsinan stated that watermarks of the Yellow River at Shenchow and the Chin and Wei Rivers were continuing to rise rapidly, causing deep concern to the riparian populace.

Upwards of 300 houses along the waterfront at Pengpu have been submerged as the result of several days' continuous downpours which caused the Huai River to overflow its banks.

Yao Dyke on Siang River to Be Strengthened

With the rapid rise of the Siang River, Fan Hsi-chih, Director of the Kiang Han Engineering Bureau, left Hankow July 18 to direct the flood-prevention work along the River. Officials have also been dispatched by the Bureau to strengthen the Yao Dyke and other embankments.

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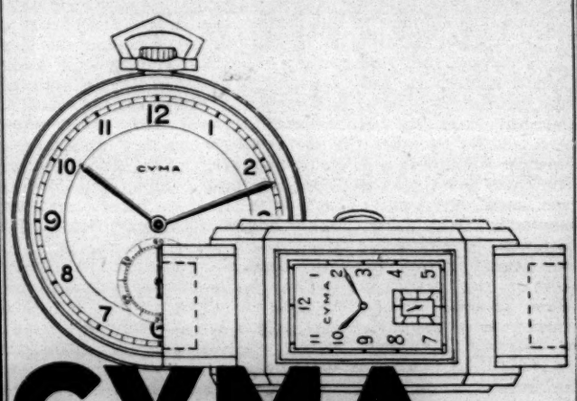

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South China Lauds Gen. Sung Cheh-yuan

BY THE REVIEW'S SOUTH CHINA CORRESPONDENT

PUBLIC opinion all over South China is unanimous in extending its sympathy towards the Chinese 29th Army in their handling of a most difficult position at Fengtai and in the courageous manner in which the personal troops of General Sung Cheh-yuan resisted the much better trained and more scientifically equipped Japanese forces. But there is one point on which most of the commentators agree and that is if the Chinese 29th Army had not resisted the Japanese advance at Fengtai the whole of the Wanpinghsien and even Peiping and Tientsin would have been occupied last week as was Mukden by the ouslought on Sept. 18, 1931. It is therefore pointed out that if all the provincial troops and authorities in China will adopt the same attitude as the 29th Army, the aggressors against China will find their role of conquering the whole of China not so easy a matter as was the occupation of the North-eastern provinces.

Commenting on the Peiping clash, the *South China Morning Post* editorial says this: "That this is the fault of the Chinese few believe. They, as usual, have been on the defensive from the beginning of the affair, the initiative remaining with the Japanese, with whom also the facilitation of an armistice lies." Referring to the most absurd demands of the Japanese military the same journal says that "so out of harmony are they with China's new spirit, and so eloquent of Japan's 'friendship,' that only blind optimism could have expected acceptance, and they were flatly rejected." Touching on the new fighting spirit of the Chinese, an inspiration of the newly accomplished unification, the same paper says that "most observers agree, however, that for China the time is running short—that the crisis point is approaching whereat she must fight or accept Japan as her overlord. It may be that with the remarkable improvement of their army and its equipment since 1931, and with the unification of the country, the Chinese have developed an exaggerated sense of their military capabilities. What illusions the Chinese may have are not, however, to be dissipated by bullying."

The *China Mail* editorial has this much to say about the Japanese: "It matters not, for our purposes, whether the blame be held to rest with the Japanese or with the 29th Army, except insofar as this involves the main consideration, that if the Japanese soldiery had not been carrying out maneuvers in territory which is Chinese, in a region which they were well aware served as an important Chinese garrison centre, there could have been no incident and no clash."

Pointing out that the Lukouchiao trouble was a deliberate act of the Japanese in order to find an excuse to enlarge the North China autonomous movement to include Peiping, the leading Chinese commercial daily newspaper, *Wah Kiu Yat Po*, editorially says that the 29th Army had no other alternative in such an emergency and they have adopted the right spirit, which should be copied by all other Chinese armies, when they challenged the Japanese attempt to seize control of the Peiping-Hankow Railway. The paper takes a lead in appealing for the subscription of funds by Chinese everywhere towards a fund to relieve the many thousands of Chinese whose homes have been destroyed by Japanese bombardment.

Regarding the Japanese demands presented to Nanking most of the newspapers did not hesitate in their condemnation of the Japanese ambition to seize the opportunity to ask for the withdrawal of the 29th Army, which has a distinguished record in their stiff resistance against the Japanese at Hsifengkow in 1933. The Chinese fail to see why the Japanese should demand the withdrawal of the Chinese troops from Wanpinghsien, seeing that it is Chinese territory and a garrison centre of the most important Chinese army in Hopei. Thus one journal says that if "the Japanese are going to demand the withdrawal of Chinese troops from their own territory we might as well demand the withdrawal of all Japanese troops back to Tokyo."

Pressure on Sung Cheh-yuan

The recent Japanese pressure on General Sung Cheh-yuan, who has been forced to take "a long holiday at Loling to avoid unpleasant talks with the Japanese" forms another topic of comment. In this connection most newspapers agree that Sung Cheh-yuan and the other Peiping and Tientsin leaders have done their best as Nanking's representatives under the unusual circumstances. The Chinese interpret the appointment of a new Japanese Commander-in-chief for North China, General Kiyoshi Katsuki (succeeding General Kanichiro Tashiro), as Japan's determination to occupy Peiping, Tientsin and the whole of North China by force, as they had been entertaining such an ambition since November 1935, when General Doihara's autonomous scheme covering the whole of North China, was only averted by last minute orders from higher Tokyo authorities.

South Ready for Emergencies

South China, on the whole, received the news of the Lukouchiao fighting with calmness, but with the keenest of attention. Most significant of all is the news that the Nanking Government is contemplating the reorganization of the Nineteenth Route Army, which will be assigned as the future garrison troops for the Canton-Hankow Railway. In Manila the former commander of the same army, General Tsai Ting-kai, applauded Nanking's courage and determination to hold Chinese territory in the north.

To watch any mischievous deeds of foreign spies and irresponsible aliens who may take advantage of the situation to create disturbances, addditonal troops and armed police have been sent out to guard all railways here and a more vigilant search on steamers and trains will be carried out. The Japanese Consul-General on July 9 met Philip Tyau (special delegate of Foreign Affairs) and discussed the protection of Japanese in Canton, who have been advised not to go into the Chinese city from Shameen at night time.

Though T. V. Soong as Nanking's special delegate had not been able to settle Kwangsi's currency problem, news from that province is most reassuring as Kwangsi officials are said to be loyal to the Nanking Government and are ready to send their well trained large standing army and militia to the north to assist in the fighting. General Pei Tsung-hsi, Kwangsi's second in command, has applied to Nanking for a passport to leave for abroad this month.

From Swatow comes the more disturbing news that many hundreds of suspicious looking Japanese subject Formosans and Koreans have arrived there (also at Amoy) and that they are working secretly with the Chinese traitors there in groups of eighty or seventy in one organization. The traitors have been asked to supply to the foreigners geographical details and other data of China's coast ports. Well-informed Chinese sources believe that the Japanese aim is to work for an autonomous state in southern Kwangtung. Last week the aliens protested to the Chinese authorities in the Swatow-Chaochowfu districts against the operations of the Chinese Anti-Smuggling Society because the latter's working interfered with the Japanese-protected smugglers. The Japanese allege that the Society in fact is an anti-Japanese goods-boycott society.

In view of the national crisis the Cantonese officials are proceeding rapidly with the construction of railways in the south and a movement is on foot for joining of the three leading communication systems, namely the Canton-Kowloon Railway, Canton-Hankow Railway and the Canton-Samshui Railway. The railway extension from Canton to Whampoa joining with the Canton-Hankow Railway is expected to be ready for service next month. These railways have the greatest military importance in time of war as when China's coast is blockaded the railways will serve the useful purpose of getting food and munition supplies through British-owned Hongkong and Kowloon via the Kowloon-Canton Railway.

July 14, 1937

Movements and Appointments in Diplomatic and Official Circles

T. V. Soong, financial expert of the Central Government, discussed important matters with General Chiang Kai-shek at Kuling this week.

Gen. Shang Chen, Chairman of the Honan provincial government, proceeded to Kuling this week to see Gen. Chiang Kai-shek. Gen. Shang was accompanied by Gen. Wang Shu-chang, Deputy Pacification Commissioner for Honan and Anhwei, and Lt.-Gen. Wu Ke-jen, both former commanders of the ex-Northeastern Forces.

General Chiang Ting-wen, the newly appointed Acting Director of the Sian Provisional Headquarters of the President of the Military Affairs Commission, proceeded to Sian from Nanking July 16. He has in the meantime taken up his duties.

British Envoy and Hidaka Hold Long Meeting at Nanking

Japan's stand on the current dispute with China was sounded in Nanking July 15, by Sir Hughe Knatchbull Hugessen, British Ambassador to Nanking, in a three-hour conference with Shinrokuro Hidaka, Japanese charge d'affaires. The interview was held at the British Embassy at the suggestion of Sir Hughe, soon after his return from Peitaiho aboard H.M.S. *Danae*. Emphasizing that he was acting in a private capacity, the British envoy is said to have urged a localization of the Lukouchiao incident, stressing that an aggravation of the situation would benefit neither party. Mr. Hidaka was reported to have told Sir Hughe that the incident was caused by the "provocative attitude" of the Twenty-Ninth Army. The future developments, he reportedly added, depend solely upon the stand taken by the Chinese armed forces.

Earlier on the same date Sir Hughe interviewed Dr. Wang Chung-hui, Chinese Foreign Minister.

His vacation cut short by the Sino-Japanese tension in North China, Sir Hughe Knatchbull-Hugessen, British Ambassador to China, hurried back to the capital from the North July 15 by gunboat so as to keep in closer touch with the Chinese Government during the current crisis.

America's Foreign Trade Shows Healthy Increase

The foreign trade of the United States continued its upward trend, which it has shown during the last five years, during the first quarter of 1937, according to "Our World Trade," a publication by the Foreign Commerce Department of the Chamber of Commerce of the United States.

Exports for the quarter increased by 23.5 per cent over the first quarter of last year to U.S.$710,911,000. Imports increased 37.6 per cent to a total of $784,898,000.

American trade through the world increased, but trade with the British Empire showed signs of slipping, while striking increases were made in Asia and Latin America. America's trade in continental Europe showed considerable increase. However, the political uncertainty and increasing trade restrictions contributed to the fact that exports to European countries were only 39.6 per cent of America's total exports as compared to 45 per cent during the first quarter of last year.

Most striking gains in the export trade of the United States were with China, Japan and the Philippines. Japan today ranks as the third best customer of the United States, b ying $77,080,000 of goods and selling goods worth $52,739,000 to the United S ates.

China ranks fifteenth as a customer of the United States buying goods valued at $15,004,000, and ranks eighth among the nations selling goods to America, her total exports to the U.S. reaching $28,458,000.

American Chamber Takes Steps Against Infringement of Patents in China

The American Chamber of Commerce in Shanghai is circularizing its members with a view to approaching the U. S. State Department in Washington on the subject of the infringement of American patents in China.

In a letter asking Chamber members to report infringements which came to their attention last year, James M. Howes, Secretary of the organization stated that, "If, as it is believed, the number infringements is of found to be large, this fact will have an important bearing at such time as our government authorities may be persuaded to press for patent protection in China." The letter also explained that the Chamber has been informed by a member that the National Association of Manufacturers in America have recently given consideration to the subject of "patent-pirating" with a view of approaching the State Department.

U. S. Embassy at Peiping Protests Maltreatment of Two American Women by Japanese

The United States Embassy in Peiping July 20 drew the attention of the Japanese Embassy to the complaints of two American women, Mrs. Helen R. Jones, a widow from Detroit, and Miss Carol Lathrop, of Washington, D.C., who allege that they were maltreated by Japanese soldiers outside the Japanese Embassy the previous evening. Miss Lathrop told the United States Embassy that a soldier gave her a "terrific shove," and then kicked her in the side when she burst into tears. The soldiers, she said, "made a loud clamor and shoved us around very roughly." Finally, both Mrs. Jones and her companion were released. As they were leaving, however, one of the sentries is alleged to have kicked Mrs. Jones from behind.

Gen. Tsai Ting-kai Says He Is Ready to Return to China and Fight Japanese

General Tsai Ting-kai, former 19th Route Army commander, on vacation at Baguio, Philippine Islands, announced Juyl 14 that he would leave for Manila on July 16 to catch the first boat for Hongkong. He disclosed that he had been recalled by Nanking, and, apparently, he expects to reorganize the 19th Route Army presumably in connection with the national emergency. He said he was ready to serve with or without command in any northern move against the Japanese. General Tsai became a national hero in 1932 when he resisted the Japanese in the Shanghai hostilities.

Japanese Chamber Committee Refrains from Issuing Statement

The situation in North China was considered last week at an emergency meeting of the standing committee of the Japanese Chamber of Commerce and Industry, at the Japanese Club in Shanghai. Following a protracted discussion, the body, according to the *Shanghai Mainichi*, decided to refrain for the time being from issuing a statement in support of the Japanese Government's stand on the North China issue.

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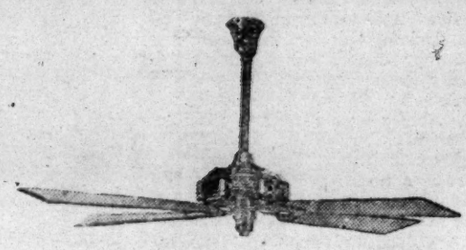

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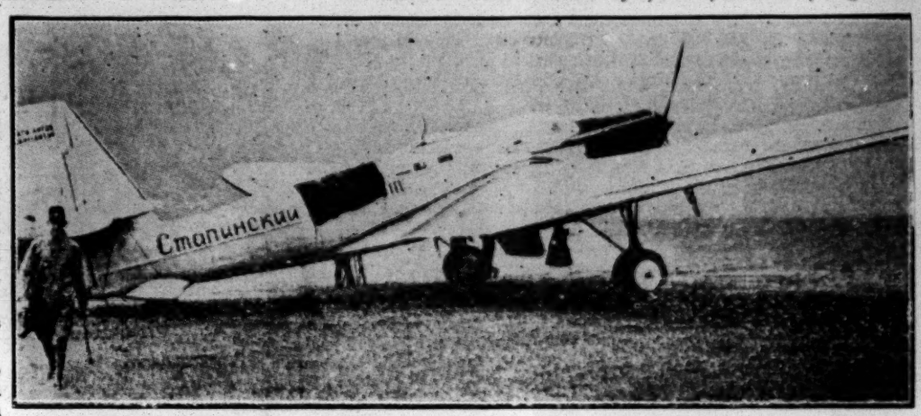
Soviet Aviator Levanevsky to Try Solo Flight from Moscow to the U.S.

Sigismund Levanevsky, the Soviet aviator who last year attempted a non-stop flight from Moscow to San Francisco, only to be forced back by a broken fuel line, will take off for the United States in a new flight next month. At a luncheon in San Diego, July 15 in honor of Mikhail Gromov, Maj. Andre Yumashev and Sergei Danieline, the three Soviet aviators who last week, flew non-stop from Moscow to San Jacinto, Cal., via the North Pole thereby establishing a world's record for distance covered, it was announced by Stanley Shumovsky, aviation adviser to the U.S.S.R. that M. Levanevsky would fly a huge four- motored plane. The journey will not be a non-stop affair as one halt is planned at some point in Alaska, M. Shumovsky announced.

Chinese Ambassador Congratulates Soviet Fliers

The Chinese Ambassador to the U.S.S.R., Chiang Ting-fu, in a letter to Maxim Litvinoff, in Moscow July 1, expressed hearty congratulations on the successful flight of the ANT 25 plane to the U.S. Moscow *Pravda* commented editorially that Soviet aviation had scored another heroic victory, having again surprised the whole world, and had again shown of what Soviet people and Soviet planes are capable.



Sister-plane of Soviet "ANT-25" which broke the world's distance non-stop record. The plane shown above was the one flown by the Soviet aviators Valeri Chkaloff, pilot and co-pilot George Baiukoff and navigator Alexander Belaikoff, which made a non-stop flight from Moscow to Pearson's Field at Vancouver, Washington state, a distance of 5,288 miles. The ANT-25, which made the non-stop flight from Moscow to San Jacinto, Cal., on July 14, covered a distance of 10,600 kilometers, a world record. The previous record was held by the Frenchmen Codes and Rosch who flew from New York to Rayak, Syria, a distance of 9,050 kilometers. The Russians made their flight in 62 hours. The Soviet plane was propelled by a 950 horsepower, liquid-cooled single propeller engine.

Central University to Have Aeronautical Department Next Term

The National Central University at Nanking will open a department of aeronautical engineering next semester. Only students who have taken courses in electric engineering or mechanics will be permitted to enroll in the new department.

Regular Trans-Atlantic Air Mail Service to Be Established

Following the recent successful test flights across the Atlantic conducted by Pan-American Airways and Imperial Airways, James M. Mead, Chairman of the U. S. Post Office Committee, has announced that legislation will be enacted within a few weeks to establish regular air service deliveries in London and New York in 24 hours. The cost per letter, he added, will be 20 cents per half ounce.

Japan to Train Young Pilots So as to Make Nation "Air Conscious"

Details of a nation-wide campaign to make Japan's youths "air-conscious" were formulated July 17 by the newly organized Japanese Youths' Aviation Association. Young men joining the Association will, under the terms of the plan formulated, be sent to Kirigamine, Nagano Prefecture, for one month's preliminary training, following which they will enroll in one-year aviation schools.

Search for Mrs. Amelia Putnam Abandoned

The search of the United States Navy for Mrs. Amelia Earhart Putnam and Capt. Frederick Noonan, lost on their attempted flight round the world, has been terminated, it was announced by Admiral Orin Gould Murfin, commandant of the Fourteenth Naval District in Honolulu, July 18.

Hollington Tong in Radio Broadcast to the U.S. Explains North China Situation

Hollington K. Tong, member of the board of directors and former editor of *The China Press*, in a 13-minute radio broadcast over a C.G.R.A.-R.C.A. hook-up to the United States July 18 discussed the provisions of the Nine-Power Treaty in its relations to recent incidents in North China. He emphasized the point that although the Nine Power Treaty, which stood as a bulwark of peace for ten years, had been broken by Japan and failed to restrain her from violating Chinese territory, the obligations for action and consultation upon the other signatories of the Pact were still binding. He added that further provocation by Japan would mean war.

Mr. Tong was introduced by Orlando Pao, General Manager of the Shanghai Telegraph Office.

The following are extracts from Mr. Tong's speech:

"Suppose that an alien force had seized your New England and was using that territory as a base for the conquest of the rest of the country, but particularly the Atlantic Coast States, say from Virginia northward and extending west to include the territory of the Great Lakes through Michigan, Wisconsin on into the Northwest. Now, the city of Peiping, former capital of China, which is Japan's immediate object in the fresh crisis which she created ten days ago, is isolated like Washington about eighty miles inland from the seacoast. Our outlet on the coast is Tientsin, just as New York or Philadelphia or Baltimore are outlets of Washington. Prior to the present crisis, Japan stationed 7,000 soldiers at Tientsin and 3,000 soldiers at Peiping and its neighborhood, much in excess of the number allowed under the Boxer Protocol.

"I think you will agree with me that if an alien force stationed in Washington should conduct night maneuvers in the country a dozen miles outside your capital and is bent upon creating a crisis, it is easy to imagine how trouble might develop. Well, trouble did develop.

"Why did the Japanese single out Wanping and the Marco Polo Bridge for their onslaught? Both places are strategically important, because they are within the Chinese defence system and furthermore command a railway which runs south from Peiping to Hankow on the Central Yangtse. The Japanese had long desired to control that strategical point in order to isolate Peiping. A year ago, they used the same tactics and succeeded in gaining possession of a strategical point at Fengtai on the Peiping-Mukden Railway.

"As a result of these clashes on the night of July 7 and the subsequent days, the Japanese have declared their intention of occupying more of our northern territory. In order to back up their expansionist program, within a week 25,000 Japanese soldiers have been moved into the Peiping-Tientsin district 'to chastise the outrageous Chinese' according to the statement made by their senior officer. It has been further announced in Tokyo that the Japanese intend to send five full divisions, which means that they will shortly have 100,000 troops in North China.

"The present Japanese strategy is exactly similar to that which led to the occupation of Manchuria in 1931. All preliminaries to the present outbreak were on all fours with those preceding the seizure of Mukden—such as Japanese claims of Chinese "insincerity," incidents, threats to Japan, night maneuvers and so on. The jingoistic appeal to Japanese nationalism that is now going on in Japan in order to stir up war fever bears a resemblance to 1931.

"The Japanese are claiming the right under treaties and agreements to do as they please in North China. On the other hand they abrogated the Nine-Power Treaty, the Kellogg Pact and the Covenant of the League of Nations when they decided to seize Mukden and swallow Manchuria. Treaties were of no use to them then, but now they try to make much of the alleged Chinese breach of agreements signed under duress.

"Whilst the Japanese troops are enjoying free movement on Chinese soil and are trying to destroy the Chinese defence force, the Japanese diplomats have warned the Chinese government at Nanking that they would not tolerate any moral or material aid given to the Chinese defenders nor would they tolerate the Chinese government troops entering the Chinese territory concerned nor would the Japanese permit Nanking's participation in the settlement of this affair. They have threatened dire consequences if these warnings are not heeded.

"Our government has now dispatched troops to the border of Hopei Province. Whether orders will be issued to those troops to advance to the defence of Peiping and Tientsin remains to be seen. But the Japanese have been increasing their reinforcements in that area to such an extent that operations on a larger scale seem unavoidable. If this takes place, these troops will probably have to move north and the result would be war. What that would bring to the world is on the knees of the gods."

Nationalists Launch New Vigorous Drive on Madrid

The Spanish Nationalists were reported July 18 to have resumed their offensive west of Madrid with a vengeance following a two-day celebration of the anniversary of the outbreak of the civil war. Working in relays, 36 bombing planes, escorted by 112 fighters, were stated to have continuously attacked Government positions at Villaneuva, del Pardillo and Brunete without resistance from Government aviation. The insurgents claim that infantry subsequently reached their local objectives without opposition, as the Government lines were untenable owing to the air attacks.

Britain Signs Naval Agreements With Germany and Soviet Russia

Provisions of the London Naval Treaty of 1936 were extended to Germany and Russia July 17 when bilateral naval agreements between Great Britain and Germany and between Great Britain and Soviet Russia were signed in London.

The Foreign Secretary, Anthony Eden, and the First Lord of the Admiralty, A. Duff-Cooper, signed for Britain; Herr Joachim von Ribbentrop, the German Ambassador, for Germany, and Ivan Maisky, the Soviet Ambassador, and the Soviet Naval Attache for Russia.

The treaties require ratification. They will come into force at the same time as the London Naval Treaty and after the two ratifications are exchanged.

The coming into force of the London Naval Treaty awaits the passing of the London Naval Treaty Bill giving authority to the British Government to prohibit firms from building ships outside of treaty limits and compelling them to give information to the British Government about orders for Foreign Powers. It is taken for granted that all formalities will soon be disposed of, and by the end of July the London Naval Treaty and bilateral treaties will come into force.

Since the Japanese have refused to accept a 14-inch gun calibre limitation for future capital-ships, the relevant article in the London Naval Treaty is no longer required and does not appear in either of the bilateral agreements.

Soviets Need Not Furnish Information on Naval Vessels in Far East

During the negotiations Russia made certain reservations in respect of her position in the Far East, and the Anglo-Soviet Agreement contains special provisions freeing the Soviet Government from the obligation of furnishing any information in regard to their naval vessels constructed and employed in the Far East.

Soviet Russia will also, on notification to the British Government, be permitted to depart from the treaty's qualitative restrictions in the Far East without recourse to the procedure contemplated under article 25 of the London Treaty.

As she is rebuilding her fleet, which has been permitted to deteriorate since the War, she considers it necessary to construct a certain number of cruisers outside treaty limits.

In view of practical considerations, Soviet Russia will be permitted to arm her seven new cruisers with 7.1-inch guns instead of six-inch guns.

The London *Sunday Times* July 18 published an explanatory article by "Diplomatist," discussing the Anglo-German treaty. "The new treaty puts an end to the terms of the gentleman's agreement which Great Britain signed with Germany shortly after June, 1935. "Under this agreement," he continued, "it was understood that Germany was not to build more than three Class A cruisers to which she was entitled by the 1935 treaty. The reason is that the conditions under which Germany signed the agreement—that no third party should build Class A cruisers—has been technically violated recently by the U.S.S.R. who has laid down three or four 8,000 ton cruisers armed with 7.1 inch guns. Germany is now free to invoke the escalator clause."

Italian General Denounces Bolshevism in Speech at Stuttgart

A violent denunciation of Bolshevism was included in a speech by the Italian General Telchiroi at the inauguration of a anti-bolshevik exposition in Stuttgart, Germany July 18. "The differences between bolshevism and our regimes are so great that it surpasses the realm of argument," he emphasized. "We must combat bolshevism even though it involves extreme consequences." The general characterized Joseph Stalin as "the Red Tsar, thirsty for blood, who leads a sad existence on the Russian steppes committing crime after crime . . . Thanks to you, and thanks to our communications in the Mediterranean basin, no communist can or will penetrate these countries. This is a solemn pledge which we take in the name of Hitler and Mussolini."

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NOTICE

Filed at Shanghai, China, June 28, 1937.

WILLIAM T. COLLINS, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Minnie Oviatt, deceased, to present the same with vouchers to the undersigned on or before January 3, 1938, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Nelson E. Lurton,
Administrator Ad Colligendum,
330 Szechuen Road,
Shanghai, China.

Shanghai, China.

Russia Outstrips the U.S. and Canada in Gold Production

While the United States has been building up an idle and inactive gold reserve of $12,000,000,000, Soviet Russia has established for herself through intensive gold mining an active reserve of $7,000,000,000, according to information secured by the Institute of Pacific Relations. As a result of the enormous increase in her gold production, Soviet Russia is consolidating her world economic position to a remarkable degree, according to the survey.

Amongst some of the results accruing from her intensive gold mining, the Institute has received reports of large gold shipments by the Soviets to England which would indicate that the Soviets now consider their gold supply sufficient to enable them to use it in building up reserves in foreign exchange.

Other factors that have developed include large repayments of foreign debts. It also has enabled them for a number of years to have a favorable trade balance, although this decreased this year.

Reports from London are to the effect that the Soviet importers now are paying for their purchases abroad largely in cash instead of availing themselves of the $50,000,000 credit facilities that were accorded them in England last year.

The fact that the credit was the only one accepted by them in 1936 indicates also that they are confident that their output of gold will be sufficient to enable them to pay for their importations in cash hereafter, when trade conditions necessitate. The Soviets, the Institute finds, also have begun even to make repayments of various foreign credits before they began to fall due.

This year the Soviets expect to exceed the gold production of South Africa. According to the survey of the Institute Soviet gold deposits have been estimated at one-third of the world's total resources of that metal.

Last year Russia far outstripped both the United States and Canada where production was around 3,700,000 ounces each with Canada slightly in the lead.

British Gold Exports in Week Ended July 14 £1,432,000 Over Imports

Movements of gold in the United Kingdom during the week ended July 14, resulted in a surplus of exports over imports by £1,432,000, compared with net imports of £3,307,000 for the previous week. Imports during the period under review amounted to £3,642,000.

Japanese Government Plans to Subsidize Gold Mining Industry

The *Tokyo Asahi* July 11 said the Ministry of Commerce and Industry has been considering concrete measures looking towards an increase of gold production in connection with the presentation of a demand for a supplementary budget for gold mining encouragement. The measures now under consideration by the Ministry aim at increasing the annual gold production from 40 metric tons in 1936 to about 80 metric tons within the next four or five years. The measures include the granting of subsidies for prospecting facilities, for investigation of gold fields and for the establishment of gold smelters.

New Soviet Purge Is Directed Against Heavy Industry

Pursuing a drastic purification of all the leading circles in the country, the Stalin administration is at present concentrating on heavy industry. Certain directors are charged with inefficiency and are labelled in the press as "somodury"—irresponsible and apt to do silly things. Soon after the charges appear in the newspapers most of them are dismissed or imprisoned. M. Kenner, head of the general direction of heavy metallurgy, and many other heads of services or directors have thus been arrested during the last two weeks. It is pointed out that agriculture, because of its almost complete socialization, is greatly dependent upon the machines produced by industry.

The newspaper, *Za Industrializatsiu*, is at present conducting a violent campaign against the directors of tractor, lorry and automobile plants, particularly "Kommunar" and "Rostcelmach," the latter being the Trust for Agricultural Machinery whose director, M. Korisov, has been arrested. Production for the first six months of 1937 is retarded by 2,400 tractors as compared with the plan which is now in effect.

Soviet Radio Directors Arrested

The directors of the Soviet radio stations at Kiev and Habarovsk have been arrested for "Trotzkyist activities" according to reports received in London this week from Moscow. When Zinoviev and his associates were executed last year the directors had failed to stigmatize them before their radio listeners and had even broadcast funeral marches instead. When Marshal Tukhachevsky and the seven other generals were shot, the directors by an allegedly "technical error" prevented the announcement.

Komsomolsk-on-the-Amur—Rapidly Growing Town in the Far East

Tass says the Soviet Far East has recently marked the fifth anniversary of the new large town Komsomolsk-on-Amur (400 kilometres to the north of Khabarovsk). The population of the town now reaches 70,000. Situated on the most important water route of the Far Eastern Territory, Komsomolsk is now one of the largest centers of ship-building in the Soviet Far East. The construction of an iron and steel works has been started within several kilometres of the town. Plants manufacturing gas generators, storage batteries, and a pulp and paper mill are under construction; two saw mills, a sugar refinery, a canned goods factory and two brick factories have been built already. By the end of the Third Five-Year Plan the population of the town will reach the 300,000 mark.

The sudden arrests of the Soviet Russian Commissar for Education, Bubnoff, and of the well-known Pilnyk are causing a great sensation in Moscow, the London *Daily Telegraph* reported July 16 Both are charged with anti-State activities.

Major, Captain and Six Soldiers Killed by Bandits in Manchuria

Heavy casualties were sustained July 18 by a Japanese detachment in a hand-to-hand engagement with a bandit force at Tungsungmuling, 12 klms. southeast of Kaiyuan, in Fengtien Province, the Kwantung Army announced in Mukden July 19. Japanese casualties were: killed—a major, a captain, and six soldiers; wounded—five soldiers. The losses of the bandits, who were said to number about 100, were described as "heavy."

American Seaman and American Woman Arrested on Opium Charges

Alexander Gonzalez, a nationalized American seamen, was arrested on the night of July 14 as he was about to go aboard the s.s. *Steel Mariner* with a suitcast full of opium. Although Gonzalez threw the suitcase overboard when he was accosted by the watchman at the gangplank, River Police dragged the vicinity and recovered 63 tins weighing five taels each. Gonzalez is in prison, not being able to produce the bail of U.S.$5,000 set by Judge Milton J. Helmick of the U.S. Court for China.

Meantime, Settlement Police are searching for two mysterious Chinese who, the prisoner declared, commissioned him to deliver the suitcase to unknown persons in the Philippine Islands. In a statement made to the U.S. authorities the man declared that he was completely ignorant of the kind of work he had agreed to perform. Gonzalez said he was a native of Colombia, South America, but had been sailing on American ships for many years and had been naturalized in New York just last year.

American Woman Arrested on Charge of Smuggling Narcotics

Edward L. Faupel, U. S. Marshal, returned from Hankow to Shanghai July 19, having in custody Margaret Florence Evers, 48 years of age, American, who is charged with having smuggled narcotics from Peiping to Anyang, Honan, by train on July 5 and 6. The woman was arrested by the Chinese authorities on July 6, and, after having been held for investigation for five days, was turned over to the American authorities. Shortly after her arrival in Shanghai in the s.s. *Yulin*, bail of U.S. $10,000 was fixed for her.

According to the Chinese officials, occupants of the Kuang Sheng Hospital in Anyang, where she was staying, became suspicious of her baggage and the Chinese Police were notified. On examination, two of her three bags were found to contain narcotics. In one bag were six packages of heroin, each weighing 25 ounces, and in another were 10 packages of narcotics.

Mrs. Evers was said to have told the police that the two bags belonged to one of her Chinese students named Cheng Chia-shun. When she left Peiping for Anyang for medical treatment, Cheng approached her and left the two bags in her compartment.

The American woman said she was born in San Francisco and came to Shanghai nine years ago as a private English teacher. Her husband died fourteen years ago.

In 1932, she left for Peiping, where she stayed at No. 2 Yang Yi Hutung, giving English lessons to Chinese students. She left Peiping for Anyang on July 5.

Chinese Policemen Injured by Korean Smugglers at Tsingtao

Two Chinese policemen were injured by a gang of about 30 armed Koreans during a grim battle at Tsingtao, July 8 when the latter attempted to take back by force 231 cases of smuggled cigarettes confiscated by the Customs. The Koreans came into conflict with the Chinese police when the contraband was in the process of being unloaded from the Customs cruiser after it had been seized from the smugglers at Suilinshan Inland, off Tsingtao. The Koreans later fled when the Japanese Consular police arrived at the scene.

New Director of Fukien Anti-Opium Bureau

Hu Tien-tsai and Chen Chao-fen have been appointed as director and vice-director of the Fukien Anti-opium Bureau.

Dr. C. T. Wang and President Roosevelt Exchange Felicitations

On the occasion of Dr. C. T. Wang presenting his credentials as Chinese Ambassador to the United States, to President Roosevelt at Washington, June 8, Dr. Wang, among other things said:

"Mr. President—I am happy to obey the behest of my Government to be a messenger of goodwill bearing the friendly greetings of the Republic of China to its sister Republic, the United States of America. Having passed my college days as an undergraduate student at Yale University and the University of Michigan, I have always taken a lively interest in the growth of the great nation of which you are the honored Chief Magistrate and learned to admire the genius of the American people. It will be my pleasant duty, therefore, to maintain, cultivate and foster the traditional friendship that has always existed between China and the United States of America. To attain this desirable end I trust that I shall have your cooperation and the cooperation of the American Government.

In reply, President Roosevelt said: "Mr. Ambassador:—I am happy indeed to welcome you as the Ambassador Extraordinary and Plenipotentiary of the National Government of the Republic of China to the Government of the United States, and to receive from you the Letters accrediting you in that high capacity. I accept also the Letters of Recall of your distinguished predecessor who has so efficiently represented the National Government in this capital. Your expression of friendly admiration for the American people is greatly appreciated; and your assurance that it will be your pleasant duty to maintain, cultivate and foster the traditional friendship which has always existed between China and the United States is particularly welcome. In your efforts to achieve this end you may count upon the hearty cooperation of the officials of this Government. In view of your previous experience among our people and your outstanding record in the public service of your country, it is a special pleasure to accord you recognition as the ambassador of your country. In doing so I express the hope that you will find your sojourn and service here most agreeable."

China Institute Sends Message to Europe and the U.S. Calling Attention to Crisis

Calling attention to the North China crisis and placing the blame squarely on Japan, the China Institute of International Relations has telegraphed leading cultural bodies in Europe and America appealing for action to prevent war in Asia. The appeal was sent to the Council on Foreign Relations and the Foreign Policy Association in New York, the Royal Institute of International Affairs in London, and other allied organizations on the continent of Europe.

The China Institute includes such prominent leaders as Dr. P. W. Kuo, Dr. J. Usang Ly, Dr. Herman C. E. Liu, Y. M. Chien, Singloh Hsu, Hollington K. Tong, Dr. T. C. Tai, T. K. Ho, and others.

The message in full reads: "We desire to call your attention to the grave crisis which is rapidly developing in northern China. The armed clash which broke out on July 8 at Lukouchiao was the result of premediated provocative action of the Japanese who held maneuvers in points never sanctioned by the Boxer Protocol. While China endeavored to secure a peaceful settlement, the Japanese not only refused to localize the affair but actually have extended military operations on a much larger scale. By obstructing in general the National Government's control over Hopei Province and by demanding in particular the withdrawal of Central Government troops from that region, the real objective of the Japanese is to alienate a large part of China completely from Chinese sovereignty, in violation of the Nine-Power Treaty.

"As testified by events of the past few years, China has consistently stood for peace but if Japan continues her aggressive plans on Chinese territory, the Chinese people will have no other alternative but to resist even at great sacrifices. Now that a huge Japanese army is illegally concentrating upon Peiping, the peace not only of Eastern Asia but also of the world is seriously threatened. We therefore appeal to you and your government to do what is necessary in order to prevent war and military aggression."

Chinese in North Chahar in Sad Plight Under Japanese Domination

The plight of Chinese people in north Chahar under Japanese domination was vividly described by a recent arrival from the North in Nanking July 20. The Japanese military, according to the narrator, are in complete domination of north Chahar where the populace are living in direst conditions and entirely at the whims of the alien militarists. A new poppy tax was recently enforced in these parts. Farmers were forced to plant poppy and were taxed at an exorbitant rate, averaging approximately $500 per household a year. An acute food shortage now prevails as large quantities of provisions were recently bought and exported by the Japanese.

When Food Disagrees With Your Baby.

Nothing is more common in childhood than indigestion which is generally caused by errors in diet—the delicate organs of a young child are quick to rebel if his food is unsuitable, or if he has overeaten.

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Can Japan Survive?

This pamphlet of a dozen pages embraces a series of articles dealing with Japan's present problems, which were written by Nugent Rugge and published in *The Review* in March and April of this year.

Copies may be obtained at 15cts. each or $1.50 for a dozen, including postage. Send orders

to

THE CHINA WEEKLY REVIEW
160 Ave. Edward VII
Shanghai.

In the United States Court for China

In re. ESTATE of MONTE VALENTINE SULLAWAY Deceased.	Cause No. 4222 Special Proceedings No. 2101 NOTICE Filed at Shanghai, China, June 30, 1937. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Monte Valentine Sullaway, deceased, to present the same with vouchers to the undersigned on or before January 3, 1938, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Roy G. Allman,
Hamilton House,
Shanghai, China.

Shanghai, China, June 30, 1937.

China Borrows $200,000,000 for Railway Construction

Since 1930 China borrowed altogether a total of $200,000,000 for railway construction, according to financial circles quoted by the *Shanghai Nichi-Nichi*.

(1) The Canton-Hankow Railway issued bonds to the value of $20,000,000.

(2) The Canton-Hankow Railway issued bonds for the completion of the line to the amount of $500,000.

(3) The Shanghai-Hankow-Ningpo Railway issued bonds to the amount of $1,500,000.

(4) The Yushang-Pinghsiang Railway issued bonds to the value of $12,000,000.

(5) The First Railway Construction Bond—$12,000,000.

(6) The Second Railway Construction Bond—$27,000,000.

(7) The Third Railway Construction Bond—$120,000,000 (including the building of Hunan-Kweichow, Szechwan-Kwangsi railways and the extension of the Peiping-Suiyuan, Chengtai, and Lunghai railways).

(8) Nanking-Kiangsi Railway bonds—$14,000,000.

(9) Canton Railway Bonds—$2,700,000.

New Financing Scheme Now Being Studied in U.S. for Export of Railway Equipment to China

A new project for financing the exportation of railway equipment to China is being considered by the Export and Import Bank, according to a *United Press* message from Washington July 15, The project is understood to include arrangements for the sale of additional locomotives, rails and rolling stock to the Chinese government railways.

Kwangtung Has New Highway Construction Project

Highway construction in Kwangtung has received a great impetus since the assumption of the concurrent post of director of the Highway Bureau by General Hsu Ching-tang, Commissioner of Reconstruction of Kwangtung. After a survey of highway communication in the province, General Hsu with the assistance of experts has formulated a new project for highway construction.

This new project calls for the completion of highways linking Kwangtung with the neighboring provinces at an early date, and the construction of more provincial and regional highways.

New $5,000,000 Navigation Co. Planned in South China

Moving another step forward in its ambitious attempt to convert Whampoa, formerly a fishing village, into a big port in South China, the harbor authorities have decided to open two navigation lines linking the port with the South Seas and Shanghai respectively before the end of this year.

It has been decided that $5,000,000 will be raised for the establishment of a steam navigation company jointly by government and private interests. Of this amount the Kwangtung provincial government and the Whampoa harbor commission will raise $1,000,000 each, while the remaining $3,000,000 will come from private interests.

In the beginning the navigation company will build four ocean liners of 10,000 tons each. Its northbound line will pass through Swatow and Amoy ending at Shanghai, while its south-bound line will pass through Singapore and various leading ports in the Malaya States and the Netherlands East Indies.

Shanghai Business Leaders Urged to Stablize Market

Prevention of unscrupulous elements from taking advantage of the present tense situation in the North to create disturbances in the market in order to reap personal profits was urged upon local business and financial leaders by Hsu Kan, Vice-Minister of Finance, during a conference at the Central Bank of China in Shanghai July 15.

Smuggling in North China Stops as Result of Clash

One of the incident features to the clash in North China was that it has evidently solved the smuggling problem. The Tientsin Customs announced July 16 that smuggling had completely stopped, nothing coming in or going out. As a result the smugglers had lost millions of dollars, it was stated.

China Will Probably Have U. S. $60,000,000 Trade Balance With the U. S. in 1937

Soaring sales to the United States gave China an ostensible profit in her foreign trade for the first five months of 1937, it was revealed in Washington July 16 by figures of the Department of Commerce. Experts expressed the belief that China had added the larger part of such profits to her already substantial dollar balances in New York and at Pacific Coast ports. At the present rate, China will enjoy a favorable trade balance of U.S.$60,000,000 for the year 1937. In the first five months of the year, imports from China into the United States totalled $51,653,000, an increase of 39 per cent over the level of last year. Exports of this country to China totalled $26,256,000, an increase of 60 per cent from last year's figures. China also received increased immigrant remittances from Chinese in the United States and many points in Asia, particularly in the rubber, tin and sugar producing regions.

China's financial position, the Department of Commerce figures revealed, was further strengthened by the fact that a considerable portion of her imports was on credit, requiring only a small cash outlay.

It was worthy of note that China has been able to resume payment on several outstanding bond issues and still retain substantial foreign balances.

Large Vegetable Refinery to Be Established in Wuhu

Providing a fresh impetus to the development of oil industry in Anhwei, an oil refinery will be established in Wuhu by the China Vegetable Oil Corporation in the middle of August. With its building completed at a cost of $100,000, installation of machinery, including three up-to-date distillation machines and two tanks with a capacity of 100 tons each, is in progress. The new plant, the daily output of which is estimated at 100 tons, represents a new link of the oil corporation's refinery-chain. With its biggest factory in Hankow, the corporation is maintaining branch plants in Shanghai, Changsha, Changteh and Chungking. Other new plants will later be established at Wenchow, Chekiang, and other leading cities when business expands. In the first stage of work only rape oil will be turned out by the local plant as raw materials for such oil are abundant in Anhwei.

It is the ultimate object of the factory management to compete with Japanese refined rape oil for industrial uses in the world market. For this purpose emphasis will be laid on clearing the rape oil of dregs.

Shanghai Financiers Asked to Invest in Kwangtung Reconstruction

The Kwangtung Provincial Government hopes that financial circles in Shanghai will invest in its reconstruction work in that province, Li Ta-chao, secretary of the provincial government told financial leaders at a meeting in Shanghai last week. The provincial government, according to Mr. Li has mapped out a 3-year plan for rural development, and it expects that financial circles here will invest $20,000,000 in the project yearly. This fund, he said, will be diverted to the use of promoting rural cooperative enterprises and establishing rural granaries.

Contract for $24,000,000 Chekiang Loan to be Signed Soon

The draft copy of the terms governing a $24,000,000 loan applied by the Chekiang Provincial Government from Shanghai and Hangchow banking circles has been approved by the bankers in Hangchow. Chen Jun-chuen, representing the banks in Hangchow, came to Shanghai this week with the contract to hold final discussions with the Shanghai bankers. It is believed that the agreement will be signed within this month.

Close Watch Being Kept by Authorities Against Speculations on Bonds

The present sharp fluctuations in the bond market are apparently due to manipulations on the part of those unscrupulous profiteers who are making use of the tense situation in North China to reap selfish gains, declared a spokesman of the Social Welfare Bureau in an interview with the Central News Agency in Shanghai, July 15.

Nanking's Budget Touches $10 Million Mark

A Nanking message July 18 stated that the new budget for the City Government of Nanking, beginning the first of this month, was balanced at approximately $10,000,000, The estimates, including both ordinary and extraordinary items, have been submitted to the Executive Yuan for consideration.

China Agricultural Society Holds Annual Meet in Hankow

The 20th annual conference of the China Agricultural Society was formally opened in Hankow July 1 with more than 100 members from 16 provinces in attendance. The session was presided over by Liang Hsi, who delivered the opening address stressing the necessity for the development of China's agriculture at this moment of national reconstruction.

Wheat Testing Bureau to Be Established in Hupeh

A Wheat Testing Bureau will be jointly established in Hupeh some time this month by the Wheat Testing Supervisory Office, under the Ministry of Industries and the Hupeh Reconstruction Department. Funds for the establishment amounting to $15,000 will be borne by the Native Products Testing Commission of the Ministry of Industries.

Ma Hsiang-po Urges Promotion of Iron and Steel Industries

Intensive promotion of iron and steel industries in China was urged by Ma Hsiang-po, 98-year-old Catholic leader and State Councillor, in a radio speech delivered over the Central Broadcasting Station July 9.

Red Army Leaders Offer to Assist General Chiang in Resisting Japanese

The Red Army Leaders (Mao Tse-tung, Chu Teh, Chou En-lai and others) July 8 dispatched a telegram to General Chiang Kai-shek on the occasion of the Japanese attack on North China as follows: "Attacking Lukouchiao is one of the Japanese steps to aggravate the situation in North China. We are very surprised to learn of the incidents at Tientsin and Peiping; both are the key territories of North China and it is absolutely necessary to defend them to the last. We therefore request you, the Generalissimo, to instruct the 29th Army to resist the attacks and carry out the declaration issued at the 3rd plenary session, that is to resist the invaders and to mobilize the national army so as to protect our North China territory and recover the lost territories. The Red army leaders as well as the rank and file are willing to fight the aggressors under your commandership."

Swatow Incident Settled Despite an Unpleasant Interlude

The incident arising out of the alleged mistreatment of a Japanese consular police officer at Swatow by Chinese police was settled July 21, following many weeks of negotiations.

That an agreement for the settlement of the Swatow incident on May 20 last was near was indicated in a Canton message July 19 stating that T. Nakamura, Japanese Consul-General in Canton, had called on Dr. Philip Tyau, Foreign Affairs Commissioner for Kwangtung and Kwangsi, July 19 to further confer on the matter.

The Chinese version of the incident was that Aoyama, the Japanese police officer concerned, refused to register his change of address, in conformance with local regulations, and, with the assistance of some other Japanese, beat two Chinese policemen who requested him to do so.

Dr. Philip Tyau Presents New Demands Regarding Settlement of Swatow Case

New demands for the settlement of the recent Swatow incident were presented to Mr. Fujishima, Secretary of the Japanese Consulate-General in Canton, by Dr. Philip Tyau, Foreign Affairs Commissioner for Kwangtung and Kwangsi, in an interview in Canton July 16.

According to *Domei*, Japanese Consular authorities at Canton professed indignation at the "impudence" of Dr. Philip K. C. Tyau, Foreign Affairs Commissioner for Kwangtung and Kwangsi, in adding new items to the agreement that was being negotiated for the settlement of the Swatow incident. An accord, they said was almost concluded, when Dr. Tyau, 'taking advantage of the outbreak of the North China incident," expanded its scope.

"Shanghai Mainichi" Sees Attempts to Cause Anti-Nippon Strike

Attempts by the Chinese National Salvation Associations to precipitate a general anti-Japanese strike in cotton mills in Shanghai were seen by the *Shanghai Mainichi* July 19. In support of its belief, the Japanese daily cited the arrest of two girl students by the Yulin road station of the Shanghai Municipal Police Saturday night. The women were alleged to be in possession of handbills of an "anti-Japanese" character. They were held by the police.

Similar tracts were distributed in the Yangtzepoo mill district on Sunday morning, the *Mainichi* said. No arrest was made at this time.

A "message" to Chinese workers urging them to unite and defeat Japanese imperialism was found to have been written in chalk on the wall of a Japanese plant on Pingliang Road, the Japanese daily added. This was rubbed out by the police.

No Japanese Goods Will Be Allowed to Enter China After August 1?

A *Central News Agency* telegram from Nanking July 20 described as false a *Domei* message that the National Government had ordered the Kuomintang Parties and the chambers of commerce in different cities to start immediately the registration of Japanese goods now being stored in shops and godowns and had also decided that no Japanese goods would be allowed to enter Chinese ports after August 1.

Hundreds of cabled enquiries regarding the authenticity of Nanking's alleged decree barring imports of Nippon-made goods were received by local dealers from firms in Japan during the week, the *Shanghai Mainichi* reported July 18.

Chinese Guilds to Start Boycott, Says "Nichi-Nichi"

Decision to "compel" local Chinese guilds to launch a vigorous boycott of Nippon-made goods was reached July 14 by the Anti-Smuggled Goods Committee of the Chinese Chamber of Commerce, the Shanghai *Nichi-Nichi* reported.

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The National City Bank of New York, Rates of Exchange

Shanghai, July 21, 1937

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.39
Demand buying rate on America:	U.S. $1.00=Sh. $ 3.36
Demand selling rate on London:	£1.0.0=Sh. $16.87
Demand buying rate on London:	£1.0.0=Sh. $16.76

AMERICA'S CONFLICTING POLICIES IN THE FAR EAST

(*Continued from page 284*)

What Mr. Field suggests doing exactly coincides with what I have always been advocating ever since the Mukden bombardment of September 18, 1931, namely, the invocation of "Anglo-American cooperation" and "Sino-Russo-American cooperation" to save the whole situation in the Far East. It is my conviction that (1) Anglo-American cooperation really holds the key to the Far Eastern situation; that (2) lack of cooperation among some principal powers in the past is largely responsible for the aggravation of the Japanese aggression in China; that (3) the American active policy *could* bring the aggressor to reason; and that (4) the final success of the Japanese "Manchurian adventure" is not to be decided on the battlefields, but in the realm of diplomacy. So I say, any gain abroad will not only strengthen the hold of the Japanese but will contribute materially to the final success of the Japanese aggression in China. The foreign powers, particularly Great Britain which is now discussing the Far Eastern problems with Japan, should pay attention to this!

"New Charter of Peace"

But between these two extremitics—one urging "geting out of China" or "withdrawal from the Far East," and the other for an "active policy"—it seems to us there is another category of American public opinion. Charles E. Martin, another authority on world politics, in an article on "U.S. Responsibility for Peace in the Far East" in *Ameriasa Magazine* (June issue, p. 179) after discussing the marked difference in the actions between the Hoover and Roosevelt Administrations, asks: "How long can we continue the dual renunciation of responsibility for peace under international law and of the pursuit of national interest abroad?"—in very much the same way as we ask Mr. Coons how long will the "watchful waiting" policy last, and will such policy do any good to America?

This learned professor points out that "The logic of events has made the United States the mediator of the Pacific area, as destiny has made England the mediator in the European political system." In conclusion, he says: "It would seem to be the signal opportunity of the Roosevelt Administration to draft a new charter of peace in an area where conflict is impending and where we have always exercised a certain leadership in the interest of peace."

Emil Ludwig, another eminent writer on international affairs, in an article on "The Coming War" in *Current History* (March issue) also said: ".....One single man might still prevent the coming war. This man is Franklin D. Roosevelt. He knows this and he has the consciousness of a historical mission. But the forces against him are powerful, for the Americans erroneously believe that Europe can and should take care of itself. They refuse to recognize the dangerous position they would be forced into if Germany and Japan should win. Possibly President Roosevelt will take a decisive step to preserve world peace. To carry the day he would need the unanimous support of his people. But at present the nation sees only the shadow of Wilson, whose merits they do not comprehend. Unless America intervenes, war is inevitable."

T. A. Bisson, another authority on Far Eastern affairs, once said: "In surveying the new Far Eastern epoch which dates from September, 1931, many observers have been struck by the similarities which it bears to an earlier period—that from 1914-21." (See *Foreign Policy Reports*, February 1, 1937.)

So what is suggested by these American writers coincides with approximately what I have been advocating before. That is: President Roosevelt is really holding the key to the situation; and the United States should call *another* Washington Conference to discuss the Far Eastern problems, and to exercise the same amount of influence to bring the aggressor (Japan) into our fold, as the former U. S. president did in 1922. (See my article on "What is America's 'New Concept' of China," *The Review*, April 3, 1937).

Roger S. Greene, formerly Director of the Chinese Medical Bureau and a member of the U. S. Consular Service, in an article on "Reflections on American Policy" in *Amerasia Magazine* (May issue) also agrees to discuss a "new charter of peace." He says: ".....Certainly, the gradual liberation of international trade from unreasonable barriers is almost the only effective step that can be taken against the present disastrous trend toward economic nationalism....." But the writer further suggests that: "There are certain steps that we (Americans) can take which should be helpful to China without any political or military interference and without injuring the interests, real or imaginary, of any other country," and these steps are: Ablition of extrality in China; withdrawal of the American troops from China; and stopping the buying of silver from China.

Helpful as these steps may be, we are afraid that such action is too late and now untimely. The withdrawal of the American (and foreign) troops from China unless it is accompanied by the simultaneous withdrawal of the Japanese troops in China, would be tantamount to giving some advantages to the invaders just at the time when they want to intensify their aggression and to have a free hand in China.

The Chinese Opinion

From our study, it is fairly clear that American public opinion is by no means unanimous, and that no definite policy has yet been decided upon. Construction of naval bases on the Pacific must not be taken as indicating that the United States is taking an active policy. As pointed out by William T. Stone, Vice President of the Foreign Policy Association,".....until the diplomats make up their minds on using the Navy as an instrument of diplomacy, the Navy is not likely to adopt a tenable strategic policy" (see his article on "Naval Bases and American Policy in Asia" in the June issue of *Amerasia Magazine*). But at present the American diplomats have not yet reached a definite policy.

But if I were asked to formulate a policy for the American government, I would divide the policy into two parts. The first part should be for "active, direct and immediate action" and the second part for "fundamental, indirect and final action." While the former (first part) is in the nature of giving an emergency treatment for a sick man, the latter is to rebuild the constitution of his body after illness. While the former is to bring strong and joint pressure immediately to bear upon the aggressor in the Far East, the latter is a remedy to the whole situation in the Far East after the aggressor is being subdued by us. What is suggested by Mr. Field is apparently for the first part of the policy; and what is suggested by Mr. Martin and Mr. Greene is for the second part. The whole policy should be carried out in its proper order. Unless, as I pointed out above, the Japanese troops will also withdraw, the withdrawal of the American (and foreign) troops from China is inadvisable. Unless the Japanese aggression in China is brought to an end, it is futile to discuss a "new charter of peace" in the Far East. So what is suggested by Field, Martin and Greene is all quite practical, but the only thing is that it must be put into execution in proper order. But I could not listen to Mr. Coons's suggestion (watchful waiting) which I characterize as only a blundering policy, as his will give more chance to the aggressor to go on with his aggression in China when he sees that the principal powers are merely standing still and looking at the aggressor without taking any action. Nor would I ever listen to such a ridiculous suggestion as that advanced by Price about the "withdrawal from the Far East," which is too nonsensical to be worthy of our words of comment.

Nanking, July 3, 1937.

Ministry of Industry Explains Ruling Regarding Metric Measures on Automobiles

The Chinese Government's new regulation requiring all vehicles to measure their mileage in kilometres and their fuel in litres does not affect used cars. The rule only applies to new cars six months from June 11, the date of promulgation.

The above information was given by the Ministry of Industry in its reply to the representations made by the Automobile Club of China. While raising no objections to the actual order extending the use of the metric system to the registration of mileage and measurement of fuel, the club pointed to the great difficulty involved in the change of all speedometers and fuel gauges in order to conform to the new rule.

There are in China to-day slightly over 25,000 passenger cars, 8,300 motor buses, 9,500 motor lorries and 2,200 miscellaneous vehicles. According to a very conservative estimate, over half of these are equipped with "miles an hour" speedometers. Should the new ruling apply to these vehicles, not only would the expense involved in the replacement of such equipment be enormous, but the question of supply will be very difficult to solve.

While the above regulation with regard to speedometers and fuel gauges will be enforced six months after its promulgation, other regulations requiring the use of the metric system, which were published on the same day, have been enforced. These apply to road signs, petrol and oil tanks, and measurement and weight used in the registration of motor cars. All service stations, agents and others selling fuel and lubricating oil also come under the regulations relative to the measurement of such supplies in litres.

Japanese Trade Mission Discusses Restrictions with British Federation

Great frankness and cordiality prevailed at the discussions between members of the Japanese Trade Mission and officials of the Federation of British Industries, according to a communique issued by the Federation in London July 9. The subjects discussed included restrictions on Japanese goods in a number of British markets, the possibility of co-operation on the basis of agreements between individual industries, and questions of trademarks and patents. The Japanese complained of the unfair incidence and discriminatory nature of quotas and other restrictions on Japanese cotton and rayon goods in some of the British Dominions and Colonies. On the British side, it was pointed out that several quotas involving the bulk of Japan's trade so affected were the result of action by independent Dominions. Nevertheless Japanese exports generally continued to grow, and the quotas applied to only a small fraction of Japan's export markest.

British Shipbuilding Industry Enjoys Greatest Boom Since 1930

Not since 1930 has the British shipbuilding industry been so busy as at present. A total of 285 vessels, aggregating 1,200,000 tons, is under construction in the British Isles. This figure is 350,000 tons above June last year, and considerably greater than the combined tonnage under construction in the four leading foreign countries, Germany, Japan, the United States and Holland.

Meanwhile, negotiations for improved British steamship services in the Pacific, it was officially announced in London last week, continue to make progress. The issue shortly of tenders for two new ships is contemplated.

Indian Railway Accident Takes 281 Lives—Sabotage Suspected

Sabotage is suspected to have been the cause of one of the most terrible railway accidents in history which took a toll of 281 lives in Central India July 18. At least 230 persons were injured and 80 bodies were taken from the wreckage. A large number died on the way to hospital or after their arrival. There were some Europeans on the train, but all were reported to have escaped injuries.

The train, which was an express from Punjab to Jaipor, jumped the tracks and plunged into an embankment. Three coaches were telescoped.

Chinese Ambassador Sails for Tokyo—Hopes to Forestall a Catastrope

Hope that diplomats in Tokyo would do their best to forestall a major disaster was expressed by Hsu Shih-ying, Chinese Ambassador to Japan, at a farewell reception given in his honor by local public bodies at the Pootung Guild, Shanghai July 16. The Ambassador, said he was proceeding to his post, in spite of ill health, to do his part. Being gravely concerned with the present tension in the north, Mr. Hsu said he found it his duty to resume his post. He then expressed his belief that with righteousness as the guiding principle, peace could prevail. Sino-Japanese relations, he said, had reached the most vital stage. If efforts were not exerted by responsible Japanese elements sincerely to overcome the crisis, it would develop into a 100-year catastrophe. The sowers of evil seeds would certainly reap an evil crop, he said.

Chinese Ambassador in Interview at Kobe Makes Plea for Justice

Returning to Japan after a home leave in China for several months, Hsu Shih-ying, Chinese Ambassador to Japan, arrived in Kobe at July 19. In an interview he made a plea for justice. In seeking a settlement of the Lukouchiao incident, the Chinese Government are guided by two cardinal principles, Mr. Hsu said: First, non-aggravation of the North China situation; and second, the employment of diplomatic means.

Lloyd George Makes Slashing Attack on Palestine Report

A slashing attack on the Report of the Royal Commission on Palestine was made by Lloyd George July 8 in an article in the London *Sunday Express*. The report was described as a "lamentable admission that Great Britain, owing to the feebleness, vacillation and pusillanimity of her administrators, failed to carry out a great mission." The Zionists, to whom a national home had been promised, the article said, would now have to be satisfied with a mutilated Canaan without Zion, Bethlehem or Judea.

Japanese Public Contributes Liberally to Defence Fund

A Tokyo message July 21 stated that contributions to the Defence Fund continued to pour in from patriotic Japanese in Japan and abroad. The *Asahi* newspapers, which are collecting contributions of Army aircraft, July 20 received Yen 237,297.29, of which Y. 104,946.49 was given to the *Tokyo Asahi* and the remainder to the *Osaka Asahi*. Shinzaburo Obuse, a wealthy stock-broker in Tokyo informed the War Office that he would contribute Yen 470,000 towards the building of six military planes. During the Manchurian incident, Mr. Obuse presented the Army with a check for Yen 300,000 fot the building of planes.

In Harbin, Shigeji Kondo, President of the Kondo Lumber Company, contributed Yen 50,000 to the Okabe detachment in Manchuria.

CUSTOMS NOTIFICATION NO. 1585

The public is hereby notified that, in accordance with Government instructions, effective from the 16th July 1937 cotton yarn and cotton piece goods (Export Tariff Nos. 195 and 201) will be exempted from duty on export abroad.

CHU CHANG-NIEN,
Superintendent of Customs.

L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 15th July 1937.

CUSTOMS NOTIFICATION NO. 1586

The public is hereby notified that, in accordance with Government instructions, the exportation of wheat flour from Shanghai, both abroad and coastwise, is temporarily prohibited.

CHU CHANG-NIEN,
Superintendent of Customs.

L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 16th July 1937.

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GEN. CHIANG KAI-SHEK RETURNS TO NANKING; LEADERS DISCUSS NATION'S PROBLEMS AT KULING

(*Continued from page 272*)

has resumed his duties at Taiyuan and is now keeping a close watch on possible developments in the North China situation. Gen. Yen has received a telegram from Gen. Fu Tso-yi, Chairman of Suiyuan, stating that the troops in his province are taking strictest precautions against any emergencies.

Suiyuan province is fully prepared to cope with any possible foreign invasion of the province declared a high military officer at Kweihua. The statement was made upon receipt of reports that the "irregulars" taking advantage of the grave North China crisis were making plans to invade the province.

The defences in eastern Suiyuan have been greatly strengthened by General Fu Tso-yi, Chairman of Suiyuan, in view of reports that the enemy are planning to take advantage of the tense situation in the Peiping-Tientsin Area to renew their invasion of this province.

Four cavalry brigades under Chang Hai-peng in north Chahar were ordered by "certain quarters" to mobilize for creating trouble in Suiyuan and Shansi, according to a dispatch from Kalgan published in the *Central Daily News* in Nanking July 19. A fifth irregular brigade, according to the same report, had arrived in Kuyuan from Jehol. Large groups of irregulars are now being concentrated in western Jehol with orders to stand by.

A total of 300 military planes, according to an announcement just issued by "certain quarters," have been recently attached to the air force of the irregulars in northern Chahar.

JAPANESE AND KOREAN SPIES DISGUISED AS "TOURISTS"

Many Japanese and Korean secret agents disguised as "tourists" are extremely active along the Tientsin-Pukow, Lunghai and Peiping-Hankow Railways, according to a *Central News* dispatch from Hsuchow. Seeking to spy into military secrets and buying over "traitors" to create disturbances, scores of them have arrived at Hsuchow, Chengchow and Lienyun Harbor during the past few days. Precautionary measures on the Kiangsu-Anhwei border have been taken by the local authorities.

TU YUEH-SEN AND SEVEN OTHERS ELECTED SHANGHAI DELEGATES TO PEOPLE'S CONGRESS

Leading with a total of 104,836 votes ,Tu Yueh-sen, influential local businessman and General Manager of the Chung Wei Bank, was elected July 18 together with 19 other Shanghai residents as the city's delegates to the National People's Congress. Mr. Tu's votes were the largest cast for any one person and were several times more than the number of ballots which elected each of the 19 other delegates. Much in excess of the estimate made following the voting July 17 the total number of ballots cast in Shanghai amounted 1,093,849, according to official tabulations. The total number of registered voters in the Greater Shanghai area is slightly more than 1,600,000. Together with Mr. Tu, who was elected as one of the eight district delegates, other well-known Shanghai business leaders who won seats include: Wang Hsiao-lai, Chairman of Chinese General Chamber of Commerce, who was elected with 4,100 votes as one of the four trade organization delegates; Yu Ya-ching, Managing Director of the San Peh Steam Navigation Company, who was also elected as a trade organization delegate with 3,538 votes; Ling Kang-hou, Secretary-General of the Chinese Bankers' Association, who was elected with 1,237 votes as a delegate from the Farmers Association; Y. M. Chien, Associate General Manager of the Joint Savings Society, who was elected with 73,512 votes, as one of the district delegates; Chu Hsueh-wan. well-known local labor leader, who was elected with 45 545 votes as one of the labor delegates. T. L. Soong, Finance Commissioner of Kwangtung and General Manager of the China Deveolpment Finance Corporation, who was elected with 55,012 votes as one of the district delegates. Certificates attesting to their qualifications to attend the Congress as Shanghai's delegates will be issued to the successful candidates.

The counting of ballots took place July 19 at the City Government Building, the Chinese General Chamber of Commerce, and the Greater Shanghai Election Office. O. K. Yui, Acting Mayor and Acting Superviser-General of Election Affairs in Greate r Shanghai, and Wu Kai-hsien, General Secretary of the Greater Shanghai Election Office, were personally present when the ballot boxes were opened.

Elections of delegates to the National People's Congress are now proceeding smoothly according to schedule in most parts of the country. While the greater number of the provinces and municipalities had their elections scheduled for July 20, Shanghai and a few others started theirs on the 18th and still others would not begin polling until after July 20. In spite of the present tension in North China Hopei, Chahar, Peiping and Tientsin are continuing to complete preparations for the election. It is believed that in the very near future all the delegates to the congress will have been elected.

ORDERLINESS MARKS SHANGHAI'S FIRST POPULAR ELECTION

Some 800,000 people, or about half of the total number of registered voters in Greater Shanghai, were estimated to have cast their ballots in the city's election July 18 for 20 delegates to the National People's Congress. The estimate was made by an official of the Greater Shanghai Election Office. Voting began at 9 o'clock at the 139 booths scattered through the city. Despite the heat, voters continued to come into the balloting places throughout the day. The voting, which was the first popular election ever held in China, was marked by orderliness. In the district election, which was to return eight delegates-at-large, voters were given a printed ballot with the name of 80 candidates. Out of these the voters were asked to mark one name as their choice. It was found that only a handful of women took part in the balloting. One voting official estimated that only about 1 or 2 per cent of the total votes was cast by women. Most of the voting booths in the International Settlement and French Concession were crowded during the morning hours. At the China Merchants' Steam Navigation Company office, where one of the booths was located, some 4,000 voters were believed to have cast their ballots from 9 to 5 o'clock. This voting place was one of the most patronized in the Settlement. The 15 booths in Chapei were believed having been visited by the largest number of voters in the Chinese area during the day. The 15 booths in Nantao were stated to have run a close second in the number of ballots received. In the suburban areas, Kiangwan probably topped the list in the number of voters who came to cast their ballots. While the voting was in progress several high officials of the Greater Shanghai Election Office visited the different booths throughout the city. O. K. Yui, Acting Mayor and Superintendent-General of the Election Affairs in Greater Shanghai, called at several polling places to supervise the voting. Of the 20 delegates to be elected, eight will represent the 19 administrative districts of Greater Shanghai, four each will represent the labor unions, the trade organizations and the farmers' associations.

The report that the election of delegates to the National People's Congress (*Kuo Min Ta-Hui*) in Peiping and Tientsin have been suspended as the result of the Sino-Japanese hostilities, is denied at the General Office for the election of delegates at Nanking. The delegates for Peiping have already been elected and reported to the General Office for record, it is pointed out. The delegates for Tientsin will be elected in a few days.

HUPEH HIGH COURT TO HEAR APPEAL OF LIU LU-YING

The Hupeh Provincial High Court will hear the appeal against the judgment of the Wuchang District Court brought by Liu Lu-yin, suspended member of the C.E.C., and other accused involved in the assassination of the late Yang Yung-tai, former Chairman of the Hupeh Provincial Government. The hearing was scheduled to be held on July 22, by Judge Hsiung Shih-chang, President of the First Criminal Division. According to the judgment rendered by the Wuchang District Court on June 5, Mr. Liu was sentenced to 10 years' imprisonment, with 5 years' deprivation of civic rights. Cheng Hsi-chao and Kung Po-chou were sentenced to death, and Tsao Ping-yung to life imprisonment. In the civil suit brought by the family of the late Yang Yung-tai, judgement was given against Liu, Cheng, Kung and Tsao for the joint payment of $20,000 as damages and $10,000 as solatium for the plaintiffs. Yang Chi-hsin and Nieh Ching-chuan were each sentenced to 2 years' imprisonment with two years' deprivation of civic rights. Li Chun-chien was acquitted. Wen Mao-kuan, being in active military service, was transferred to a military court for trial.

PANCHEN LAMA TO RETURN TO TIBET, ARRANGEMENTS SAID PERFECTED

After several months delay, ways for the return to Tibet of the Panchen Lama, "Living Buddha" of the far-flung province, have finally been paved, reported *Central News* July 17. Negotiations for the Lama's return, which have been carried on between his representatives and the Lhassa authorities, were now stated to have been successfully concluded. Part of the Panchen Lama's retinue, according to a report from Kangting in southern Sikong, has already left Yushu in Chinghai. The Lhassa authorities, the dispatch states, are no longer opposed to the Lama's return, on account of the fact that the latter is acting upon instructions of the Central Government. A small faction of the Tibetan officials, however, still insist that the military escort of the Lama be prevented from entering the province. Col. Chou Shou-yu, Commissioner of the Central Government to escort the Panchen Lama to Tibet, local information reveals, has arrived at Yushu, where the Living Buddha is expected to reach shortly enroute to Tibet.

Coordination of work during the present grave North China crisis was discussed at a joint meeting of all Central Government organs held at Nanking July 15. Convened by the Military Affairs Commission, the meeting was attended by representatives of the Executive, Examination, Control, Legislative and Judicial Yuan, as well as the various Ministries and Commissions.

Who's Who in China

Chen Tzu-pu, educator; born at Suian, Chekiang, 1897; graduate of Tokyo Bunrikwa University; served successively as proctor, dean and acting principal of the various high schools in Wenchow, Shaoshing and Hangchow; instructor at the College of Agriculture, Hua Pei University and Chung Kuo University in Peiping; director of the institute for the training of financial officials attached to the Department of Finance of the Hupeh Provincial Government; senior inspector and secretary of the Department of Finance of the Hupeh Provincial Government; member of the committee for the examination of district magistrates in Hupeh; member of the preparatory committee for the institution of Business Tax in Hupeh province; special correspondent of the Central Publicity Council; editor of the *International Weekly* in Nanking; now superintendent of Chinese students studying in Japan; address: c/o Chinese Embassy, Tokyo, Japan.

Chen Tzu-pu
陳 次 溥

陳次溥，年四十一歲，浙江省瑞安縣人，日本東京文理科大學畢業，歷任浙江省溫州杭州紹興各中等學校訓育主任，教務主任，代理校長，及前北京中國大學華北大學農業大學教員，湖北省財政廳財政專修學校主任，湖北財政廳一等視察兼代秘書，湖北省縣長考試委員會襄試委員，湖北全省營業稅籌備委員，中央宣傳部特約編纂，南京國際週報主編，銓敘部銓敘簡任職，現任中華民國駐日本留學生監督。永久通訊處：浙江省溫州瑞安縣水心街。現在通訊處：日本東京小石川區大和町十九番地中華留學生監督處。

Manuel Quezon Forecasts That Coconut Tax Money Will Be Used for Labor Relief

Manuel L. Quezon, President of the Philippines on returning to New York July 15 from Europe announced there would "very probably" be a special session of the Philippine Assembly on his return to the Islands to study recommendations he would submit for expenditure of part of the money received from the coconut-oil excise taxes, for public works to give employment and for the re-sale of large estates, which he knew the owners desired to sell.

The Philippines during the first six months of the current year exported to the United States 38.1 per cent of their annual quota of coconut oil, it was annouced by the U. S. Treasury Department July 16. The Islands also exported to the U.S. 69.1 per cent of their quota of raw sugar and 55.3 per cent of the quota of refined sugar. From May 1 to July 3 the Islands filled 26.4 per cent of their cordage quota.

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THE CHINA WEEKLY REVIEW
160 Ave. Edward VII, Shanghai.

In the United States Court for China

IN BANKRUPTCY.

IN RE BANKRUPTCY OF EDOUARDO FRANCISCO PALMA, A BANKRUPT.	Cause No. 4118 S.P. No. 1997 PETITION FOR DISCHARGE Filed at Shanghai China. the 20th day of July, 1937. William T. Collins, Clerk.

BANKRUPT'S PETITION FOR DISCHARGE.

To the Honorable Milton J. Helmick, Judge of the United States Court for China:

Edouardo Francisco Palma, of Shanghai, China, respectfully represents that on the 17th day of September, last past, he was duly adjuged bankrupt under the acts of Congress relating to bankruptcy, that he has fully surrendered all his property and rights of property, and has fully complied with all the requirements of said acts and of the orders of the Court touching his bankruptcy.

Wherefore he prays that he may be decreed by the Court to have a full discharge from all debts provable against his estate under said bankruptcy acts, except such debts as are excepted by law from such discharge.

Dated this 20th day of July, 1937.

P. F. FAISON
Attorney for Bankrupt.

ORDER OF NOTICE THEREON.

Shanghai, China, ss:

On this 20th day of July, 1937, on reading the foregoing petition, it is—

Ordered by the Court, that a hearing be had upon the same on the 15th day of September, 1937, before said Court, at Shanghai, China, at 2.15 o'clock in the afternoon; and that notice thereof be published in the China Weekly Review a newspaper printed in said city of Shanghai, China, and that all known creditors and other persons in interest may appear at the said time and place and show cause, if any they have, why the prayer of the said petitioner should not be granted.

And it is further ordered by the Court, that the clerk shall send by mail to all known creditors copies of said petition and this order, addressed to them at their places of residence as stated.

Witness the Honorable Milton J. Helmick, Judge of the said Court, and the seal thereof, at Shanghai, China, on the 20th day of July, 1937.

WILLIAM T. COLLINS, Clerk.

Men and Events

Sino-Japanese tension was reflected by the arrival in Shanghai of 120 Chinese from Japan in the s.s. *Nagasaki Maru*, July 19.

Colonel C. F. B. Price, Commanding Fourth Marines, returned from a trip to the upper Yangtsze on July 17. He was accompanied by Mrs. Price.

Unwilling to spread propaganda for the Japanese the Chinese editorial staff and printers of the Japanese *Hsin Hsing Pao* in Peiping, walked out in a body, July 19.

Mrs. V. Sotov, wife of the manager of the Tass News Agency, who died in Shanghai about a fortnight ago, sailed for Soviet Russia via Vladivostok, accompanied by her daughter, on the s.s. *Sever* July 19.

Mrs. Theodore Roosevelt, wife of the former Governor-General of the Philippine Islands, arrived in Shanghai this week, accompanied by her son Quentin. She is on a pleasure trip in the Far East.

W. Clark Vyse, American Consul in Shanghai, returned this week from an extended long leave spent in the United States. He was accompanied by Mrs. Vyse and their young son Thomas Andrew.

Miss Elisa Paredes, daughter of the Resident Commissioner of the Philippine Commonwealth at Washington, C.D., passed through Shanghai this week on her way back to Manila after visiting her father.

Clyde Elliot, the producer of the film "Bring 'Em Back Alive," accompanied by his staff, passed through Shanghai last week enroute to Singapore. A new picture "Booloo" is to be filmed in a tiny settlement 100 miles north of Penang on location.

The Shanghai correspondent of the *Shun Pao*, one of the largest Chinese newspapers in China, was arrested by Japanese gendarmes in his residence in the former Austrian Concession in Tientsin July 19 and, according to reports, taken to the Japanese barracks.

The *China Press* July 20 stated that all able-bodied male members of the American community at Tientsin have been urged by their consular authorities to form a volunteer company similar to one maintained by the British section of the North China metropolis.

Sun Fo, president of the Legislative Yuan, left for Nanking by train July 18. In celebration of the birth anniversary of his mother, Mr. Sun is understood to have remitted $200,000 to Chungshan, his native district, for the construction of an orphanage and a home for the aged.

Cecil S. Carmichael of Shanghai received his Bachelor of Science degree from the University of Hawaii, at the 26th commencement exercises June 22, at which Dr. Kalidas Nag, exchange professor from the University of Calcutta, Calcutta, India, delivered the principal address.

The death occurred in Rome, July 20, following a heart attack, of Marchese Guglielmo Marconi, the great Italian scientist and businessman, who was the first to see the commercial possibilities of wireless waves. He was 63 years old. He was known as the "Father of Modern Wireless."

Thirty persons were drowned July 17 in the Yellow River in Tungkwan, to the east of Sian, as a result of the capsizing of a ferry boat. The vessel was carrying more than 50 passengers, 40 packages of mails and 30 sacks of rice when the accident occurred. Only 20 of the passengers were saved.

Following a protracted delay, the case of Mao Yung-hu and four others, found guilty by the Shanghai District Court of having murdered Kosaku Kayau a year ago, was reopened at the Kiangsu Higher Court in Soochow July 17. Mr. Kayau was assassinated on July 10 of last year, as he was walking along Chi Mei Road, a few yards from Dixwell Road.

Announcements have been issued telling of the amalgamation of the Foreign Trade Association of China and the China Economic Research Institute. The amalgamation was voted last October, but has just been made effective. The office of the combined organization, which will take the name of the China Economic Research Institute will be at No. 1960 Avenue Joffre.

Provisional damages for $1,250 were awarded in the French Consular Court last week against the French Municipal Council in favor of Dr. Gersh-Gershevitch, Russian dentist educated in the United States. The F. M. C. had cancelled Dr. Gershevitz's right to practice and the Court ordered same to be restored. The defense of the F. M. C. was that the license had been granted in the first place by mistake.

Three armed robbers were executed at the Tien Chiao, in Peiping July 14. Owing to the current crisis there was a very small crowd of people present to witness the executions, which were carried out by the headquarters of the Pacification Commissioner of Hopei and Chahar. The three men were also drug addicts. They were responsible for a number of hold-ups in the suburbs recently.

Keeping in step with the current political situation in North China, the Min Chih Journalism Institute of Shanghai announced July 14 the opening of a short-course for the training of war correspondents. The course started, July 19, on a daily two-hour schedule. Ku Chih-chung, Director of the Institute and noted newspaper correspondent, is personally conducting the course, which will last for three weeks.

The Royal Commission on Australian banking published its findings in Canberra July 19. The Commission recommended establishment of decimal coinage based on the division of the Australian pound into thousandths, limitation of the note issue and abolition of the note reserve, a new long-term exchange mobilization agreement between the Commonwealth Bank and the trading banks with regard to London funds.

Dr. W. S. A. Pott, son of Dr. F. L. Hawks Pott, President of St. John's University, visited his brother, Dr. W. H. Pott, of the School of Medicine of St. John's University, last week, accompanied by his wife and her two children. Dr. W. S. A. Pott is now president of Elmira College, Elmira, New York. Dr. Pott and family flew to Hankow end of last week and later expect to spend some time in Tsingtao.

Food prices in Shanghai have been soaring as a result of large shipments to the North since the Lukouchiao incident. Flour, particularly, has advanced. The detention of over 1,600,000 sacks of flour by the Customs authorities in Shanghai was the subject of a petition by the Chamber of Commerce in Tientsin to the Executive Yuan July 18. The flour, the petition reads, was ordered by local merchants from Shanghai for the consumption of the people, and its detention would cause an acute food shortage in the northern port.

"Jack Chen," who has spent nearly a year in China studying the development of modern Chinese art, departed from Shanghai July 19 on the s.s. *Sever* for a tour of Moscow and other important European cities as an unofficial ambassador of Chinese art. After some months there interpreting Chinese art to the Russians, Chen will make a tour of Europe, with extended stays in London and Paris, spreading information about present-day art trends in China. A collection of 150 wood blocks by prominent modern Chinese artists will be carried on this tour.

K. S. Inui, who recently returned from a trip to Australia and New Zealand, in the course of a talk before the members of Shanghai Rotary Club last week said New Zealanders are more British than Britishers themselves but there is a growing consciousness of a "Pacific Era" among the people of the Antipodes. This doesn't mean, however, the speaker asserted, that the people in the Antipodes are losing their imperial sentiments or breaking their ties. The speaker said that the people "down under" are very hospitable. Australia faces its biggest competition from the countries within the British Empire, according to Dr. Inui.

Japanese Correspondent Says Shanghai Now Center of Espionage War

A Shanghai message to the *Tokyo Asahi* July 15 stated that the nervous system of the international city of Shanghai is now on edge from head to foot with wild rumors interspersed with true information floating about on the North China situation. Shanghai being considered by all as the central exchange of world information like Warsaw, Poland, spies of every Power are mingling with American, British, French and Japanese residents, Soviet Communists, White Russian gypsies numbering 50,000, Hindus and what not to gather inside information.

The Nanking Government, it was said by the Japanese correspondent, has appointed an intelligence commission at Shanghai and is spending enormous sums to gather information. At the offices of the commission are found Britishers, Americans and Russians at their desks. The organization is, naturally, aimed at the Japanese authorities on the spot. Tradesmen coming out of the Japanese consulate-general, offices of Japanese military or naval attaches etc. are being bribed, people going in and out of these offices kept under surveillance and contents of trash baskets used there are being bought from junkmen in the hope of discovering some important facts.

Operative X-27's are mingling in Shanghai society under instructions of various Powers. Above all, the activities of wireless spies are marked. By means of powerful sets transmissions of other nations are being intercepted and code messages deciphered, employing Yardleys and maintaining Black Chambers.

Miss Agnes Smedley, of the Sian incident fame, has returned to Shanghai and is now undertaking Communist propaganda through the medium of the *Voice of China*, the correspondent said.

Since the Lukouchiao outbreak, the Chinese Communist Party has been intensely active and it has reached out its arms to Peiping and Tientsin to stir up feeling against Japan.

70 Killed and Over 300 Injured in Explosion Near Chungking

At least 70 lives perished and more than 300 persons were injured when the powder plant of the West China Development Corporation at Hsin Teng Kou opposite Chungking exploded at 3.30 p.m., July 17. So terrific was the explosion, the cause of which is still unknown, that more than 90 houses within a radius of three li of the factory were destroyed. Among the 300 injured were 40 soldiers. The damage incurred has not yet been ascertained. The manager of the factory was detained by the local authorities for questioning.

Gen. Yen Hsi-shan Tells Military Cadets to Prepare for Sacrifice

Pointing out that Shansi has reached a critical stage in its existence, General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, in an address to the cadets of the Military and Political Training Class, said that we must find life in death and be ready for sacrifice in the imminent struggle which shall decide whether the province will survive. The cadets must lead and shepherd the masses for the supreme sacrifice, he told them.

Nanking Maps Out Measures for Enforcement of Compulsory Education

Responsible family elders who fail to send their children who have reached the school age to school will be first given a warning, according to a set of detailed measures for the enforcement of compulsory education recently promulgated by the Ministry of Education.

Ignoring the warning, the measures provide, their names will be published, and pecuniary fines will be imposed on them if they still fail to obey the government ruling.

Nanking Students Urge Armed Resistance Against Japanese Aggression

Declaring that armed resistance is the only way open to China at this juncture of national crisis, a total of 804 college and middle school students in Nanking July 15 issued a circular telegram calling upon the Central Government to immediately dispatch troops to the North to defend the Peiping-Tientsin area and recover east Hopei.

Summer Training Class Holds Commencement Exercises

Commencement exercises for the first Summer Training Class were held at Haihuisze July 18 before a large gathering of officials. General Chiang Kai-shek, presided and delivered an address on the "National Reconstruction Movement," following which he returned to Kuling.

President Roosevelt Abandons Week-End Cruise to Watch Far Eastern Situation

President Roosevelt July 15 abandoned his plans for his usual week-end cruise and remained at the White House because of the grave Far Eastern situation. The President showed great concern over developments in China, and also viewed with anxiety the proposed Spanish non-intervention scheme. Three of the President's diplomatic advisers were summoned to conferences on the international position at the White House in the afternoon. They were the foremost American expert on China, John MacMurray, formerly Minister to China and now Ambassador to Turkey; Sumner Wells, Under-Secretary of State, and Norman Davis, Ambassador-at-large.

It was stated that President Roosevelt is not considering specific action, but is just watching; he has no immediate intention of invoking the Neutrality Act, prohibiting the export of arms, against China or Japan.

Domei Translator in Hankow Kidnapped, But Later Released

Tsao Sung-ping, 39, editor of *Domei's* Chinese service in Hankow, was seized by two unidentified men in Chinese uniform who broke into his home at 10.30 p.m. July 15. Terrified members of his family immediately communicated with the Bureau, which in turn advised the Japanese Consulate-General of the case. A native of Soochow, Mr. Tsao graduated from Meiji University in Tokyo. Formerly employed by the *Nippon Dempo News Agency* in Shanghai, he was transferred to the Hankow bureau this spring.

Tsao Sung-ping was released by the Hankow garrison headquarters following representations by Tadahisa Matsudaira, acting Japanese Consul-General. Chinese officials explained that his arrest was due to a misunderstanding.

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By Dr. Chu Chia-Hua
Minister of Communications, 1932-35.

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" 3. THE POSTAL REMITTANCES AND SAVINGS BANK
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New Books of Interest in the Far East

Inter-Racial Marriages Defended

All White America, by Dr. T. H. McKinney. Published by Meador Publishing Co., Boston, Mass, 1937. 214 pp. U.S.$2.00.

A brilliant defense of inter-racial marriage from the standpoints of science, reason and justice is made by Dr. McKinney in a book which might be read profitably by all those who live in close proximity to an alien race.

Although chiefly concerned with marriages between whites and negroes in the United States, the whole question of inter-racial marriage is analyzed so that the array of authenticated facts and display of penetrating truths have pointed significance to both foreigners and the educated Chinese living in this country.

Prejudice against Sino-foreign marriage still exists among the older Chinese people and the foreign die-hards, but such a book as this should be read by the younger people of both races who have not yet inherited the old prejudices, animosities and fixed ideas of a generation that is fast passing out of the picture. This newer generation of foreigners who are now taking their place in the leadership of commerce and industry in China have no racial superiority complex and do not maintain that blind intolerance and prejudice against Eurasians.

Dr. McKinney points out that no wholly unmixed people have ever developed a great civilization. The rise and culture of Greece and Rome, and indeed of all Europe, was in every case preceded by some centuries by the conquest of one racial type by another, followed by amalgamation. The Chinese mixed with the Mongols, Manchus, Malays and others. History shows that isolation always dries up the blood fountains of the purest stock. It tends to produce racial types but it exhausts the strain and the offspring have consistently proven inferior to the parents. The north Australian bushman is probably the purest strain in the world, and the most backward.

The truth is, Dr. McKinney says, that composites are almost invariably superior in every phase of racial excellence . . . the evidence is beyond contradiction. Though the whites are fusions of peoples with a mixed ancestry running back for centuries, doubtless through eons, as Americans they are probably intermixed with Negroes more than with any other people.

The startling statement is made that 75 per cent of Negroes have white blood in them. The chance is one to ten for the future white American to get Negro blood into his veins, so great has the inter-marriage and inter-breeding of Americans and Negroes become. Today there are at least ten million American people who have in some degree an inheritance of Negro blood. Ten thousand "white Negroes" pass over the color line ever year without detection, and millions of supposedly pure whites are descendants through inter-marriage with white persons.

As communications improve and the world grows smaller, the color line vanishes throughout the world, he says. It has been turning white for 300 years. It will continue turning white as long as the darker shade is perceptible. Eventually the last vestige of color will disappear and only the white will remain.

Huxley divides the human race into two groups,—the wooly-headed and the straight-haired. If this is true, the Chinese and the European are of the same race. At least it is a scientific fact that the true skin of the human family is white, so that the offspring of inter-racial marriages become whiter in temperate climes and the colored strain soon disappears entirely. Science has tried but never succeeded in providing a single case of atavism. Lord Raglan, speaking before the British Association for the Advancement of Science in Aberdeen in 1934, said, "I believe that before many centuries have passed there will not be a single person in America without a certain portion of Negro blood."

A remarkable result of race mixture is the tendency to magnify in the composite offspring the commendable characteristics of both parents and to minimize their undesirable qualities, Dr. McKinney says. Race mixture is the one method of adding strength unto strength in the nobler attributes, and so filling the moral constitution of the composite with them that there will be little room left for ignoble traits.

It has been the observation of this reviewer that marriages between Chinese and foreigners occur more among the intellectual class than in any other. The typical business Babbitt still maintains his crossroads prejudices. The greatest number of Sino-foreign marriages can be found among university professors, teachers and others of the intelligentsia.

Dr. Wu Lien-teh, director of the National Quarantine Service, declared in a recent article that in his opinion the offspring of mixed marriages are superior to those of pure stock. He points to the large number of composites on the Hawaiian Islands, probably the most concentrated racial melting pot in the world, and declares that they almost always are superior to their parents.

Dr. McKinney quotes a good many scientists to the same effect and remarks that not one scientist has ever come forward to state that persons of composite blood are in any way inferior.

Racial antagonisms are fast fading from the picture in China and inter-racial marriages are becoming more evident every day. We are glad to have the testimony of such eminent scientists like Dr. McKinney to reassure us that the fusion of the races and their cultures will immensely benefit the world.

E. H. L.

American Figures as Hero in Novel Sympathetic to Russian Experiment

Moscow Skies. By Maurice Hindus. New York: Random House.

The feeling engendered by a novel often makes the picture of a historical event or group of events more real than any number of non-fiction works, scholarly or otherwise, on the same subject. With this book Maurice Hindus has succeeded in not only doing just that, but in doing it remarkably well, considering the controversial country with which he is dealing. Considering the non-fiction works on Russia as a back-ground for knowledge about the country, the story rings true and might conceivably have happened. Books both for and against the present social order in Russia, books purporting to be impartial records of events in that country, all appear to fit into their respective places. Such is the impression which the reviewer gained from this book. Obviously, within the scope of one book, and particularly of a novel, it is impossible to cover everything and Maurice Hindus' book is not the whole story about Russia nor does it purport to be. It is only that through the medium of the novel he has been able to present the freshest and most real picture of conditions that any author has been able to give. Seemingly, too, his story is in the greatest conformity with the facts, such as they are.

The actual tale is woven around an American, Bernard Blackman, whose grandfather was an old-time revolutionary. A newspaperman, Bernard feels drawn to Russia—drawn by the stories he heard as a boy from the long-dead grandfather. But the story is more that of the people of the "House of Destiny" in Moscow, where Bernard lived for many months. It is the "House" which is a cross-section of present-day Russian life. On the upper floors in the best rooms lived members of the Party, in the basement, the despised kulaks and remnants of the bourgeois intelligentsia. Between them lived people representing every gradation in the Soviet social calendar.

Of the characters, that of Bernard is the least well-drawn. At times this American seems almost ridiculous. It is regrettable that the author, who is an American himself though of Russian parentage, was not able to make his central character more convincing and more representative as an American. Although his inability to make Bernard a proper hero does detract from the merit of his book, the author has succeeded in making his Soviet characters both real and human, particularly his heroine, Anna. She is especially well-portrayed, an intelligent and lovable woman, representing all that is best in womankind everywhere.

Judged by capitalist standards, the pattern of life as it is lived in the land of the Soviets is a made one, a world of crazy fools and dreamers. It is a world where seeming absurdities are not only the accepted order of the day, but where laughter or criticism of those absurdities would be sacrilegious or even criminal. But amid the welter of these strange and at times mutually contradictory forces, the people in Maurice Hindus' book remain strangely human and understandable. They are real individuals, although the lives they lead seem to have little or no relation to the lives lived outside of Russia.

Maurice Hindus is well-known as sympathetic to the Russian experiment, and this may detract from his book in the eyes of certain readers. Nevertheless, with this in mind, it seems to the reviewer that the author has presented, insofar as possible, a fair and highly realistic picture of life in the Soviet Union.

D.D.

An English Novel With a Shanghai Setting

Chinese River, by J. Van Dyke. Robert Hale & Company, 102 Great Russel Street, W. C., London.

The same author who gave us "Chinese Dust," "Chinese Nights" and "Chinese Chapter," now gives us "Chinese River." It is an interesting true-to-life story of a young English girl, who, tiring of her conventional secretarial life in London, sets sail for Shanghai on her own, to join her fiancee. The novel is unique in that the author does depict life in China in an authentic manner. It is a story full of action.

Jennie Davidson, 23 years old, overcomes her family's wishes and leaves London for the Orient where she plans to marry Leith MacCalister, a young man engaged in an international trading syndicate. She is met by her fiancee in Shanghai, where they spend three days viewing the Paris of the Orient before proceeding to Nanking, where he is stationed, to be married at the British Consulate. But where man proposes, God disposes, and before the marriage can take place, the fiancee is ordered up country and she is left to make the trip to Nanking alone. On the boat one of the well known patronising lady friends of MacCalisters, attempts to give her all the advice one needs in coming to a new place and when they arrive, they are met with the news that MacCalister has been killed by Chinese bandits at Wuhu.

Jennie now faces her first real test and fight for she is aware that she is with child, but at the same time decides it is her secret and she must conquer the tragedy. Her youth and attractiveness make her desirable to many of the male population but she turns a deaf ear to all, deciding to fight her battle alone. She drifts to Shanghai and finds refuge with a Russian girl in rather sordid quarters but finds out much about life through her benefactress. Her child is still born and after recovering from this ordeal, enters a cabaret in Tsingtao and becomes a companion to the owner, an Englishman, who, although crude, gains her sympathy through his kindness and almost worship of this Goddess-like girl who hails from a different class of society. She is content to remain here but decides leave to after learning of the return of his former Russian mistress. She joins up with a missionary who has come to Tsingtao to try and forget his inhibitions, later joining his mission at Chwan Hu, up the Yangtsze River. Her life here is interesting and all absorbing until her missionary friend inherits an estate from his late wife and becomes too human—shattering her illusions, when he wants to throw all his work of God overboard and become a play boy with her. Comparing the values of the two men, she decides to re-join her cabaret friend. M. P. W.

Shortage of Foodstuffs in the Province of Kwangtung

BY H. PAO-CHAO CHENG

It is well known in China that Kwangtung is a province almost always short of foodstuffs. Statistics show that an annual import of approximately 10,000,000 piculs of rice is needed to help meet the demand of the whole population in the province. The important sources of this supply are, unfortunately, foreign countries, such as Indo-China, Burma, and Siam; while only a small portion of the needed rice comes from neighboring provinces, including Kiangsu, Hunan, Anwhei, and Kiangsi. Such a condition, though undesirable, can be effectively maintained in time of peace: but in case of emergency, most of these sources of supply would be cut off immediately. If a war broke out, it would be no easy matter to keep in good order the marine transportation. Owing to the shortage of rolling stock on the national railways, even the freight traffic on land would be likely to be parilyzed.

Rainfall and Irrigation

Good crops depend upon good soil with enough moisture in it. In order to provide the required moisture. Kwangtung should consider the following:—

I.—*Conservancy:* In addition to the large rivers, there are many brooks and canals which can not only serve for purposes of transportation of commodities by junks but also facilitate the work of irrigation for the cultivated fields in their vicinity. In my opinion it is necessary to awaken the peasants to the need of repairing these canals, because the long neglect of these channels has caused floods and sometimes impediment of traffic as a result of the collected silt in the streams. Therefore efficient hydraulic engineering work is meeded.

II.—*Forestry:* Superficially, fields and forests are two interests that seem to contradict each other, for a gradual expansion of the area of the latter would naturally decrease the scope of the former. Nevertheless, the result of right management has proved otherwise. We had better have forests planted on the mountains and in other places where the crops cannot be easily raised. The advantages of forestry in relation to rainfall and allied problems are well-known.

III.—*Irrigation:* The total seasonal loss of moisture in rice fields due to absorbtion, evaporation, and soaking generally reaches from 500 to 1,000 millimeters.

Of course, the figures vary with the different kinds of soil and climate in different regions. Only a part of this required amount of water, say from 100 to 200 millimeters, (though it various with the rainfalls in different places), can be supplied by nature, while the rest depends wholly upon human efforts, i. e., the system of irrigation. The rice fields in Kwangtung are found mostly in the alluvial plains along the rivers, in their deltas, and in the fertile valleys. Thus crops differ according to the nature and location of the rice fields, which may be classified as follows:—

(1) The upper and middle parts of the Kwangtung delta.
(2) The lower part of the delta and the alkaline land along the coast.
(3) Rich alluvial fields along the rivers.
(4) Fertile valleys in the mountains.

Owing to the sources of water being different in capacity in various regions, the farmers of the upper and lower parts of the deltas, which are fertile in soil and sufficient in moisture, and others, whose fields are protected by dams and are free from flood, have two crops annually. Those whose fields have no dams can have only one crop a year. The region around Canton is an example. The alkaline fields in the lower portion of the delta can also have two crops a year, but the rice fields on the alluvial plains along the rivers suffer now and then from flood or drought. Those along the upper courses of the streams are always at the mercy of drought in autumn, while others near the banks of the lower stream are constantly in danger of flood in spring and summer. During the first two quarters of the year, water reigns terribly over the lowlands among the hills in the district of Tung Wan Hsien where the fields can yield only a crop of the so-called late rice in late autumn. The lowland fields in the vicinity of Canton. Tai Ho and Chin Ho, especially those in the eastern part of that region, often suffer from drought. I may add here that the rice reaped in the 5th month according to the lunar calendar is called "early rice," while that reaped in the 10th month is known as "late rice". Now, if these fields are poorly supplied with moisture, we should improve the old-type watering mills; while in case the water is abundant near the fields, we should adopt the modern means of irrigation, using gas engines or electric moters: and meanwhile it is also necessary to erect many pumping stations in proper locations.

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Loans to Farmers in Need

Since most of the farmers are on the verge of bankruptcy, it is very urgent to give them assistance in the form of loans. Let us discuss this problem.

(1) Decreasing the present high rate of interest. In recent years, the prevailing high rate of interest in the country is entirely tre result of the general economic depression is the rural districts. Being proverty-stricken, the farmers are compelled to borrow money at a considerable cost. This abnormal condition will naturally come to an end if there is an adequate relief or assistance given through well organized modern banking systems with huge amounts of working capital in the cities, when it is possible.

(2) Diminishing the cost of farming by lending money to the farmers at a reasonably low rate of interest. The annual cost of farming will be naturally lowered as the rate of interest is decreased.

(3) Farming at proper time. It is a undeniable fact that nature does exert a great influence in various ways upon agricultural production. Being short of capital, many farmers cannot afford to secure their fertilisers and seeds in the time of sowing or before. This disadvantage can be surely eliminated, when and if loans are possible.

(4) Increasing the savings of the farmer. If the farmers have enough money saved, they are not oblige to sell their products at a miserably low price. They may wait for better prices if they can receive help in the form of loans from the banks. Then it is possible for them to save from time to time.

Improvement of Seeds

If we scientifically improve the seeds, work on the same piece of land is certain to get better results without any increase of labor or capital.

(1) The advantages of best seeds. When the seeds of the highest quality are employed, we may obtain these results:—

(*a*) Increase in production
The authorities on agriculture in the west have told us that the method of raising better seeds may increase the product by from 20 to 40 per cent per acre. For instance, the fields which formerly yielded one picul asd five pecks of rice per mow may now give an annual increase by three pecks for the same unit. Accordingly, in the 40,000,000 mow of rice fields in Kwangtung, we can make an annual increase of more than 10,000,000 piculs. This amount can surely help toward the realization of her self sufficiency in food-stuffs.

(*b*) Higher resistance against the insect pests
According to the opinion recently expressed by Dr. H. K. Hayes, constant efforts in, and scientific methods of, increasing the resistance against various diseases and pests in plants by raising good seeds, as has been applied in western countries, have proved to be a marvelous success.

(c) Influence of the process of rice-grading
Without a fixed standard to grade the different kinds of rice, the market price has long been put under the disposal and at the mercy of the manipulation of the fraudulent merchants. As a result the consumers on one hand get their rice of a lower grade at a greater expense, while the farmers on the other hand obtain very small returns from their high grade produce. Since the process of grading rice is of a great value to the problem of rice marketing, the selection of the best seeds as the first step in grading rice should be carefully done on every farm.

Reclamation of Waste Land

For the purpose of increasing the quantity of foodstuffs there are at least two ways which should be studied. They are (1) efforts in improving the producing capacity of land per acre and (2) plans for increasing the area of land suitable for cultivation. What we have so far discussed in the foregoing paragraphs is entirely within the scope of the first method. According to the data given by the Bureau of Agriculture and Forestry of Kwangtung, there are still vast pieces of land in this province not yet fully utilized. This gives us an opportunity for further expansion in agricultural enterprises.

(1) Reform needed in the "sandy field" district.
The well known Sha Tien or "sandy field" district in the delta of the Pearl River, is a plain of fertile soil and with good harbours. This region is free from drought and flood. Of course, at the junction of several rivers, we have good means of communication. It seems, no doubt, that agriculture ought to have been developed there by leaps and bounds. But to our surprise, we cannot find even a single farming village within many miles. The reason for this, as far as we can see lies in the fact that all the fields are in the hands of a few big land-owners from whom the poor farmers have to lease their fields at a high rent. In addition, the rate of rent is now still tending to soar as the number of tenants continues to become greater and greater. Because the income drawn from the land is quite limited, this high rate is, in fact, a burden too heavy for the farmers to bear. Being incapable of paying this high rent, they are generally compelled to leave it unpaid as a debt. For the purpose of protecting their own interests, the land-owners have already published some exorbitant regulations and strict rules governing land leases. The landlords rent their land only to parties who themselves own comparatively much land and possess large sums of money. Then through them the land is rerented to those who are, in fact, rascals disguised as brokers. Sometimes this is done through the introduction as guarantors of some middle-men who always try to make money by ill means in this dealing. Furthermore, there may be also some sub-owners of farm brokers who take large pieces of land on long term leases and then re-rent them to poorer farmers, who, suffering from squeezes from time to time, can merely gain about 20% out of their whole crop even when it is a good one. In this way, they are unable to live decently. They constantly suffer from serious financial pressure. Unfortunately there is no law to protect these poor tenants. At any moment the landlords may come to take back their land already rented to the peasants who, being short of capital, can only cultivate their leased land by extensive instead of intensive methods. The producing capacity of the land as well as the crop thereof would tend to decrease and at the same time the poor farm hands may be compelled to leave their home and to seek fortunes elsewhere. It is a pity that all the fields lie wastes-and the villages ruined. Therefore, in order to work out a reasonable adjustment so as to improve the living conditions of the peasants, we should put much emphasis on the problem of land leasing here. In the year 1934, there were established in Canton a number of Government Rural Experiment Stations of which Yu Wo T'ou ( ) of Fan Yu Hsien, where the first station in the province was established, was devoted to this cause as the center for rural experiment. This model village, which contains now forty families of farmers, was then founded mainly for this purpose. Meanwhile, they organized a plan of Co-operation for their agricultural products, each family as a unit being a member of the co-operation. All kinds of activities in the Co-operation, including the approprivate of land, the building of houses, the buying of livestock, farming implements and fertilizers, were all carried on in accordance with the principles and rules of the co-operative. Then the system of land renting was changed, the method of cultivation was improved, and the villages were all well organized or reformed. At a result of all this, the production was increased by leaps and bounds, the rice produced became uniform in grade and was superior in quality, and the farm management was economical and efficient. In the long run, all may be convinced by the fact that the change of system has practically given different results upon the same land with the same working farmers.

(2) Embankment required to facilitate reclamation.
In the province of Kwangtung, there are desolate regions found near both banks of some rivers, while many other tracts of land along the seashore are always in danger of flood.

The water in places near the river banks can hardly be drained off, while the land lying along the coast contains abundant alkaline elements. As to the work of reclamation of these desolate places, we have to solve three problems which are (A) the prevention of flood, (B) the method of draining, and (C) the elimination of alkalines in the soil.

Rural Organizations

As the farmers are loosely organized, they cannot adopt the new system of cultivation and do not know now to use modern farming implements. At the same time the Government is unable to enforce its administrative measures effectively. Now, let us discuss briefly the problem of their organizations.

(1) Loans. Because the economic depression in the villages becomes more serious day by day, the peasants earnestly hope to be given financial assistance by the Government or the banks. Unfortunately, the old-type banking organizations with their limited capital, are unable to undertake the responsbility; While the modern bankers are ignorant of the really miserable conditions in the country, and also dare not invest big sums in the rural districts. Hence the floating capital in the cities can never flow into the country. It is, therefore, an urgent need to advise the farmers to organize a sort of credit society or trust company, such as the credit co-operative associations and others like them. But this may give rise to serious corruption; that is, the giants in financial circles often take advantage of their special privilege to make fortunes at the expense of the public, as only the former can afford to produce the most reliable guarantees which give them the advantage. Therefore the small and poor farmers should unite so as to secure an equal share in the profit of the capitalists.

(2) Production. The conspicuous defect in Chinese agriculture is that the farmers do not know how to improve their methods of cultivation and plantation by means of the new-type farming implements. The existence of this condition is largely due to the continuance of the system of private ownership or individual action. Products will be improved in quality as well as quantity, if all the farmers can keep a united front in combating the farming difficulties found in the application of modern farming implements.

(3) Transportation and distribution of grains. Not only the market condition is entirely foreign to the farmers, but also time does not permit them to take charge of grain transportation and distribution themselves. However, these enterprises can be carried on by well managed cooperative organizations.

Economy and Elimination of Waste

In order to attain the goal of self-sufficiency in foodstuffs, we should try both to increase production and to cut down unnecessary expenses.

1. Standardization of rolled rice (pulverized). We should standardise the process of rolling the ordinary white rice in order to prevent throwing away some useful material and should regulate market price so as to lighten the burden of the consumers, especially on the eve of a dreaded world calamity.

2. Limitation on the cultivation of the glutinous rice. The glutinous rice is not used as an important ordinary food. Its only use is found in making wine or cakes. Besides, it requires more fertilizers from the soil, if planted, than other rice. Therefore the land assigned for raising such a grain ought to be used to plant rice of a more useful variety.

3. Limitation on sugar cane planting. On account of its warm climate, Kwangtung is a province quite suitable for planting sugar cane. But from the standpoint of self-sufficiency in foodstuffs, sugar cane raising is considered to be of no immediate importance. Therefore, the raising of rice should be given the preference.

Accurate Crop Reporting

(1) The report on the market conditions. Under normal circumstances, the change in the price of food, as far as it goes, is governed by the principle of demand and supply. But due to the unusual conditions in the rice market in Kwangtung on account of her shortage of foodstuffs, it has proved otherwise. Any change in social, political and financial circles may cause an unreasonable rise or fall in the food price, as the merchants always take advantage of the current rumours to speculate. After all, both the producers and the consumers suffer a great deal of loss because of the fluctuation of the food price. However, such a symptom can be removed by reliable and accurate crop reporting. For this purpose we should pay attention to the following:—

(1) The latest market price,
(2) The quantity of rice collected and distributed,
(3) The tendency of rise and fall of the price.
(4) The bulk of exchange.

(2) To forecast the coming harvest. If we can forecast with certainty what is to happen regarding the next crop this work will be not only a benefit to the peasants but also an effective method in adjusting and regulating the food supply, this service depends upon the following particulars:

(*a*) The direction of the wind,
(*b*) The rainfall,
(*c*) The snowfall,
(*d*) The temperature,
(*e*) The insect pests.

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July 21, 1937

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Total Volume: 1,200,000 Shares

1937 High	1937 Low	Div. $ per sh.	STOCK	Last Sale July 19	Last Sale July 20
22¾	15	0.55	Adams Express	18⅛	18⅝
83½	57½	2.00	Allis Chalmers	71½	69¾
121	90¾	5.00	American Can	105¼	106½
35⅞	26⅝	0.60	Amer. Cyanamid "B"	35	34¾
13¾	6	—	American & For. Power	9	9
68⅝	47½	—	American & Foreign Pwr. $7. pfd.	54	53
29½	18¾	0.60	American Radiator	21	21
187	159⅞	9.00	Americaon Tel. & Tel.	170½	171
99	74½	5.00	American Tobacco "B"	78	79
29½	16	0.80	American Waterworks	19	19¾
69½	48½	1.25	Anaconda Copper	57¼	58¼
93¾	69½	2.00	Atchison, T. & S. Fe	83	85
36¾	11½	—	Auburn	17¾	17¾
40½	20⅝	—	Baltimore & Ohio	28½	29
105½	78	2.50	Bethlehem Steel	95	95⅞
49¾	27½	—	Boeing Airplane Co.	34¼	33¾
17½	12½	—	Canadian Pacific Railway	11⅝	11¾
176½	138	4.00	Case, J. I.	174¾	175
90½	62	3.00	Chesapeake Corp.	76¾	79
68⅞	50¼	2.80	Chesapeake & Ohio	55	55¼
135¼	95¼	13.00	Chrysler	106⅝	110⅞
20⅞	10½	0.40	Columbia Gas Electric	12¾	13¼
21¼	13	0.80	Coml. Sovents	14¼	14¼
4⅛	2⅛	—	Commonwealth & Southern, ord.	2⅝	2⅝
49⅞	32	2.25	Consolinated Edison	38	39
17⅞	14⅝	0.80	Consolidated Oil	15¾	16
48⅝	40¼	1.25	Continental Oil	48½	48¼
71¼	55	3.75	Corn Products	63⅞	63⅞
77¼	48	—	Douglas Aircraft	59½	58⅝
180¼	148½	5.95	Du Pont de Nemours	160¾	162⅛
28⅛	14	—	Electric Bond & Share	18¾	19
64⅞	50¾	1.65	General Electric	58	58⅛
44¼	36⅜	2.35	General Foods	38⅛	38½
70½	48¾	4.00	General Motors	54½	56⅞
65⅛	42	1.00	General Railway Signal	46	46½
47⅝	27⅜	1.00	Goodyear Tire & Rubber	39⅝	40
87	73½	0.37	Humble Oil	83⅞	84¼
73⅜	55¼	1.75	International Nickel	63¼	64⅞
15⅞	9⅞	—	International Tel. & Tel.	12½	12¼
69⅜	51	1.95	Kennecott	59¾	60⅜
84½	64½	4.00	Loew's Inc.	81½	82½
28⅝	20	1.50	Lorillard	21⅞	21⅜
101	85	3.00	Monsanto Chemical	100	101⅜
69	50¾	4.30	Montgomery Ward	62⅜	63⅞
33¾	23	0.72	Nat. Bond Investment	28	28½
26⅛	18¾	1.20	National Dairy Prods.	20¼	20¼
35	27½	2.75	National Distillers	30⅞	30¾
14¾	8⅞	0.60	National Power & Lt.	10¼	10¼
55¼	34⅞	—	New York Central	40⅜	42
34⅞	21¾	1.30	North American	26⅜	27⅜
38	28½	1.75	Pacific Gas & Electric	31½	32¼
53¾	40½	3.00	Pacific Lighting	44	44½
12⅜	8	0.50	Packard Motors	9¼	9¼
50¼	34¾	1.00	Pennsylvania Railroad	38½	40
60¼	49½	2.75	Phillips Petroleum	61½	61⅜
52⅜	37	2.65	Public Serv. of N. J.	42	42½
12⅝	7¾	—	Radio Corporation of Amer.	9⅛	9⅜
58	49	3.00	Reynolds Tobacco "B"	50⅝	51
51¾	38⅝	4.50	Schenley	43¾	44¼
95⅝	81	6.75	Sears Roebuck	94½	95
21¼	16¼	0.75	Socony-Vacuum	21⅛	21¼
32½	23½	1.50	Southern California Edison	25	25½
65⅜	41½	—	Southern Pacific	47¼	49
16¼	11⅜	1.05	Standard Brands	12½	12½
14⅞	5⅞	—	Standard Gas & Electric	8¼	8⅜
76	63⅝	2.50	Standard Oil Co. of N. J.	71⅝	71⅝
75	62	4.10	Sterling Products	62⅝	62½
44	34¼	2.50	Texas Gulf Sulphur	36⅝	37¾
17⅝	12½	0.45	Transamerica	13⅝	13⅝
111	95	2.90	Union Caride & Carbon	102	102¼
148¾	122	6.00	Union Pacific	131	133
35⅛	24¼	0.50	United Aircraft (New)	31¼	30⅜
24⅜	14⅜	0.20	United Airline Trans.	18¼	18
13⅝	4	—	United Corporation	5⅛	5⅜
17	11⅛	1.00	United Gas Improvement	13	13
43⅝	28⅝	—	U. S. Indus. Alcohol	32⅝	32
72⅜	44¼	—	U. S. Rubber	60	60⅜
126½	75	—	U. S. Steel	118⅞	119½
39⅝	24¾	—	Vanadium	30⅞	30¼
18	12	—	Warner Bros. Pictures	14½	15
167⅝	130¼	6.00	Westinghouse Electric	152	152⅜

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